

INSIDE: The new takeover frenzy—a Special Report

Maclean's

AUGUST 26, 1985

CANADA'S WEEKLY NEWSMAGAZINE

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THE CRISIS OVER WATER

Canadians have long taken their rich and pristine inheritance of lakes and rivers for granted. Now, the spread of pollution, drought and political conflicts threaten the very future of freshwater use. One of the nation's great treasures is in serious danger.

Niagara Falls





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CANADA'S WEEKLY NEWSMAGAZINE

Maclean's

AUGUST 28, 1995 VOL. 94 NO. 34

COVER

The crisis over water

With only one per cent of the world's population, Canada contains as much as 25 per cent of the global supply of fresh water. To the satisfaction of citizens and tourists, the nation is dappled with luxurious lakes and rivers. But because of drought, pollution and political conflicts, the country's treasured heritage may be disappearing. — **Page 34**

COVER PHOTO BY JEFF WATSON



Mending western fences

Bruce Maloney's first visit to British Columbia as Prime Minister—ostensibly for cabinet sessions—was intended to shore up support in the West. — **Page 10**



Blood and vengeance

After director Michael Christy's disaster, *Heaven's Gate*, critics wondered if his new film, *Blood of the Dragons*, could restore his reputation. It will not. — **Page 53**



Bolivia's defiant stand

South America's President Fito Roa informed his nation's native black majority and the world that he will not make major changes to the apartheid system. — **Page 16**



The takeover frenzy

As a trend to multibillion-dollar takeovers and mergers intensified across North America, analysts declared that they may be harmful to the economy. — **Page 26**

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In clear tones

I became extremely upset while reading your article on the medicare issue ("A new challenge to medicare," Canada, Aug. 3), not because of the issue itself but because of the many distortions that demand correction. The tone is set in the lead paragraph, where attention is immediately diverted from the real issue by the statement that we are again facing the debate over "whether all Canadians should have equal access to health care." That question does not need debate because doctors and the lay public agree that Canadians should have equal access to health care and, indeed, Canadians do have equal access to a greater extent than in almost any country of the world. You refer to the "growing practice of extra-billing"; in fact, there has been no significant increase in extra-billing, rather a fairly stable level over the past decade. You also describe the system in Ontario as one in which "doctors can choose to bill the Medicare system for the least amount of treatment, and then charge the patient for an additional amount that the doctor wants to collect." This is absolutely untrue. Doctors must bill within medicare rates or opt out and bill the patients directly for the total fee, while the patient will be reimbursed by Ontario Health Insurance Plan for that portion of the fee.

—BRIAN LUTTMAN, M.D.
Toronto

The opportunity barrier

So Barbara Amiel believes that Canada has achieved the fair society that the law has removed barriers as a barrier to equality of opportunity for Canadian



Suspects at work: facing the double

women ("The dangerous case of equal pay," Column, Aug. 3). Well, perhaps she is right. Unfortunately, the Charter of Rights and Freedoms does not remove the most serious barrier to equality of opportunity: poverty. There really is no legal system for the affluent and another for the poor, one health care system for the affluent and another for the poor, and so on. Of course, the majority of the poor are women. However, the size of their majority is shrinking, and we may yet achieve equality of the sexes in poverty. Perhaps then, when poverty comes to be primarily the domain of women, the real barrier to equality of opportunity will be addressed.

—GUY LEROY,
Poverty Alert,
Burlington, B.C.

Barbara Amiel's Aug. 3 column was incisive and enlightening. She makes it clear enough for anyone to comprehend that the value in monetary terms of a job is determined by supply and demand. The various analogies in her column show the absurdity of the proposal "equal pay for work of equal value." The thought of a consultant randomly placing equal value to different jobs within the work force is one that should make any member of a free enterprise society shudder. This concept, fair as it may appear to the average citizen, would cause a major upheaval in the work force, a reversal of some people's present salaries and put virtually unlimited power in the hands of bureaucrats.

—SUSAN GORDON,
Toronto

Letters are edited and may be condensed. Writers should supply name, address and telephone number. Mail correspondence in Toronto: The Editor, The Canadian Press, 100 King Street West, 7th Floor, Toronto, Ont. M5X 1C7.

PAGES

1980 Quebec journalist, former Queen's Printer and Canadian diplomat, Roger Delamont, 66, who also taught and wrote books on the subject of French and French-Canadian literature, of both cancer, in Montreal. Delamont was a member, since 1961, of the Order of Canada, and he had also served the Canadian government in several capacities.

1980 Former nightclub and TV entertainer Tommy Connors, 31, of a self-inflicted gunshot wound, in Calgary, Alta., the day before he was to appear in court on charges of breaking and entering. Toronto-born Connors gained popularity in the 1950s when he appeared on such early TV shows as *Pick of the Stars* and *Country Roadshow*.

WITHDRAWN: Quebec International Trade Minister Bernard Landry, from the Parti Québécois leadership race to replace Premier René Lévesque. Landry, a 49-year-old lawyer and economist, had been the first to declare himself as a candidate. Although he showed initial strength, he had lost ground—mainly to Justice Minister Pierre Marc Johnson.

RESIGNING: Julius Nyerere, 63, Tanzania's first president since it was independence from Britain in 1961, is focus of his vice-president, Ali Hassan Mwinyi. Head of the country's only official political party, the Revolutionary Party, Nyerere tried to create a prosperous, independent socialist state in Africa's east coast, but the country remains heavily dependent on foreign aid.

MARRIED: Rock star Madonna Louise Ciccone, 27, and actor Sean Penn, 25, in a bluff outside a multimillion-dollar mansion in Malibu, Calif. The couple had tried to keep the wedding location a secret, but scores of reporters and photographers, including some in eight helicopters, besieged the site.

1980 Academy Award-winning actress Gale Sondergaard, 96, who played the villainess in a wide range of movies including *The Little Princess* and *Skeletons in the Closet*, died in Woodland Hills, Calif.

1980 Poet and screenwriter Alfred Hayes, 74, whose screenplays include *A River of Rhine* and *The Left Hand of God*, died in Berkeley, in Alameda County, Calif. Hayes began writing in the 1930s. Among his early works is the poem *Joe Mac*, which composer Earl Robinson turned into a ballad that is rife with a rallying song on union picket lines.

FOLLOW-UP

On the Vikings' trail

In the bright, warm July weather the park appeared rich and green—normal for a patch of coastline on the northern tip of Newfoundland. Among the crowd of 800 who gathered in L'Anse aux Meadows National Historic Park for the official opening of a \$3.5-million interpretation centre was Norwegian author and explorer Hilde Ingstad, 85—the first person to champion the site's archaeological importance. In similar sunshine, 25 years ago, he had stepped off a coastal mission boat to ask a local fisherman, George Decker, if there were any unusual mounds nearby. Decker showed him what was locally known as an "Indian camp" in a lush meadow facing the Strait of Belle Isle. For Ingstad, the sight of long, rectangular ridges—ruins of a building's foundations—were the foremost of a lifelong dream: signs that the Vikings were the first Europeans to reach America.

For many local people who joined the celebrities last month, Ingstad and his archaeologist wife Anne Stene Ingstad, were a bigger attraction than the majestic new centre with its Viking artistry. But many of the Ingstads' other, earlier visits to L'Anse aux Meadows were more controversial. When Ingstad announced that the ruins at the site matched those of Norse longhouse foundations in Greenland, rival archaeologists were skeptical. Like Ingstad, they argued that old Norse sagas—epic tales—proved that the Vikings visited North America in the late 10th century, but they pursued the sagas' misleading suggestion that the settlement, named Vinland—land of wine—was farther south, where wild grapes grew.

Ingstad concentrated instead on the sagas' precise sailing instructions, which placed Vinland a two-day sail south of what the sagas called "Winter Beaches." First he identified Wonder Beaches as a 48-km stretch of sand at Cape Foulweather, Lab., and exploded from there. After Ingstad denied that L'Anse aux Meadows was the site, he, his wife and a team of Scandinavian archaeologists began searching for proof. It was not until 1964, when the team unearthed a wood-spining implement and added it to evidence of Norse-style hearths and an iron forge, that the academic community finally acknowledged the validity of the Ingstads' theories.

But by the early 1970s Parks Canada archaeologists, eager to participate in one of the most important archaeological finds of the century, made the Ingstads feel that they had been edged out. And in

1980, during ceremonies marking UNESCO's declaration of L'Anse aux Meadows as a World Heritage Site, Parks Canada officials and politicians took the limelight. For his part, Ingstad told Maclean's: "Our relations have not been good. But during the recent stay Parks Canada met us in a friendly manner, as

if to say, 'We want to be friends.'" Norse academics still debate whether L'Anse aux Meadows is Vinland or another Norse settlement. Now, the Ingstads say that the publication this fall of the long-awaited second volume of their study of L'Anse aux Meadows, *The Norse Discovery of America*, will confirm their claims. But friends in L'Anse aux Meadows fear that the elderly explorer who uncovered the site's ancient wonders has made his last voyage to the New World.

—FREDERICK A. J. JONES



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that either Ghas made a dozen serious charges and breaches of procedure and safe practice—such as failing to check his current position with other instruments—or else he knew exactly what he was doing. Indeed, two months after the release of the 0045 account, the SCOT's Air Navigation Commission, the organization's own panel of technical experts, refused to validate the report's conclusions of pilot programming error.

Writes the commentators: "The magnitude of the deviation cannot be explained."

An OTF contrived his westward flight, the variance increased again by 3 in. it was flying some 180 miles off its scheduled route. Still, U.S. military radar did not warn the crew members of their dangerous course. Nor did a U.S. Air Force KC-335 reconnaissance plane which flew close to the passenger jet shortly before OTF entered Soviet airspace. For its part, the U.S. government explained that failure by claiming that the KC-135 never detected OTF.

Still, the silence placed the onus of David Pearson, a Yale University sociology PhD candidate at work on the crash on the U.S. World War II Military Command and Control System—which provides the White House and the joint chiefs of staff with global intelligence on a day-to-day basis. After a year-long investigation of the crash, he published his findings in the Aug. 18, 1986, issue of the Washington-based journal *The Nation*. His conclusion: that the U.S. intelligence-gathering network had caused errible scenarios traced on the report where KAL 007 was flying; Pearson told *Nation*, "If the White House did not know what was going on, it was the most serious failure in the history of U.S. command, intelligence, command, control and intelligence."

If indeed U.S. intelligence deliberately chose not to order OTF back from its course, Pearson's article suggested a possible explanation, in co-operation with U.S. intelligence, OTF had deliberately set its course, not to fly itself but, instead, to draw the attention of Soviet radar defense systems so that U.S. planes and ground radar could monitor Soviet response capabilities.

Pearson's article created an immediate controversy, and for one assistant secretary of defense Henry B. Collins Jr. described it as "damned." But writing in *The New York Times* on Oct. 21, 1986, columnist Tom Wicker noted that no one had mounted a detailed rebuttal of Pearson's extensive study.

But the Japanese radar data—the latest challenge to the official account—was known to both Japanese and U.S. governments at the time of the tragedy. Neither gave it to KAL. As a result, KAL absolved OTF's crew of responsibility for not acknowledging the Soviet jet intercept and landing in Soviet territory—as an errant KAL airplane had been forced to do in 1978. But knowledge of the radar data might well have changed that finding, because it raises the possibility that OTF's crew members were aware that they had been intercepted and were either trying to evade the Soviets or give the appearance that they intended to land.

Explanation for the disaster could still emerge in court. But a date has not yet been set for a KAL trial set against the British newspaper *The Guardian*, which reported in an article on Oct. 15, 1986, that a KAL pilot may have put passengers at risk by participating in intelligence-gathering. Nor have U.S. authorities set a date for a trial brought by California lawyer Melvin Bell as behalf of more than 100 of the victims' families against KAL and the U.S. government. Bell has stated on several occasions that unless of the KAL crew told him in the presence of their lawyers that their husbands accepted money to fly over Soviet territory on the night of the shooting, for now the question remains, while many of the survivors live with KAL 007's wreckage at the bottom of the Sea of Japan.

—BOB ROBBINS in Vancouver with DAVID NORTH in London and PETER NICHOLS in Tokyo

There were other obstacles. At one point attorneys for the state of Florida argued that precision satrapies might better be entrusted to the public than to an independent operator. The case went to the U.S. Supreme Court, which ruled that Florida had no jurisdiction in the eastern Agents from the Securities and Exchange Commission investigated Fisher, but difficulties were settled without litigation. And from time to time critics complained that Fisher inflated the value of artifacts or perhaps has less interest in preserving the past than guaranteeing his future. Through it all, Fisher says, he kept the faith. He was for real and so, too, the Alacha. Nothing would stop him from revealing what he called "the mother lode."

When that momentous event occurred, the hype bubble was depressed in a hundred newspapers and television stations. Reporters thundered to Key West as though someone had pointed a compass needle. Fisher's people went on television to explain how hard work and unremitting trust had paid off. In his office Fisher dugged on fish-tip augur and told the multitude he wasn't interested in money but in the legacy of the treasure, the thrill of the search. "It's an addiction," said Fisher.

Critics at Fisher's museum doubted, and a brick building was done in T-shirts. More important, fish from everywhere in southern waters came with a letter of free-spirited business who assure maximum control over their destiny.

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AN AMERICAN VIEW

Gold dreams, moral bankrupts

By Fred Bruning

What a treasure hunter named Mel Fisher announced the discovery of \$400 million in silver and gold off Key West, the United States had itself another big winner—more over Madonna, Steven Spielberg and the like who found you could triple the price of insiders simply by calling them popping shoes. For years we have sought heroes not in history books but on the *People* page, and here was another great American demanding his due.

No denying Fisher's appeal. For 16 years he had been the central figure in the search for the treasure of the Spanish galleon *San Juan de Fuca*, suffering, he says, a number of financial setbacks along the way. In the process, too, Fisher lost a son, the young man's wife and another crew member. They drowned in 1975 when a salvage ship exploded. Some may have called it quits at that point, but Fisher persevered. The treasure hunter says his son, Dick, 21, would have wanted nothing less.

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son, and, while Alacha shares already were commanding attention as available second salvage operation near Vera Beach. At regular intervals staff members would put a contract before Fisher or his, passing in his lecture on fortune and fertility, would offer his signature. Another partner was in the field.

For their most ventures they got a portion of the haul—gold doubloons, pieces of eight, copper ingots, trinkets of all sorts—and then are free to take the open market. Or they may prefer to donate their treasure to museums and seek a tax credit. Some say they simply to clean up the sponge and design jewelry for themselves. Around Fisher's neck is a coin that he says is worth \$8,000. "If I sell it, I can't wear it," Fisher says.

Some have called Fisher a huckster—"Mile I was," he agrees—but the public seems captivated. Temporarily, at least, Fisher is in command. "You can't fish millions of dollars worth of

What we are working toward is an autonomy of the audacious. Into their hands we commend the nation's spirit

treasure and not blow people away," said William Cockrell, former Florida state underwriter underwriter. "You can't imagine what people will do when you wrap gold around them." Cockrell says the Fisher phenomenon likely will encourage other salvage operators to scour the territory—and, he says, scholars can join the treasure hunt.

Cockrell's concern places him directly in the minority. What interests most of us is not scholarship but a good story about the stubborn ones who told government attorneys to sit on their hands and ultimately left doctors weeping on the phone. "His eyes hearts out," said Rich McElroy, one of Fisher's associates.

Bugged individuals, we love it. Stuck under the corporate canopy, many of us are thrilled when a fellow daredevil confronts life without fringe benefits or salvage allowance—who he escapes yearly crews, 10-man coffee breaks and the heart-breaking talk of the time clock. Look at this summer's movie, *Witness*, an intense war with a core of free-spirited business who assure maximum control over their destiny.

is. In Paul Rider the good guy is a winning, a happy, by the way, the Eastwood. Can the message be more clear? Blessed is he who gets the job done, to matter how.

Even in the decision of a federal jury, one can sense the prevailing sentiment. "Sitting forwardly of Fisher's case," U.S. District Judge William M. Watkins seven years ago chartered state and federal authorities for honoring a man who was, after all, merely following his heart. "As grave as the peril of the sea are, the greatest peril to the treasure itself came not from the sea but from two unlikely sources, agents of two governments," the judge said in his decision. "It would assume most enemies of this country, when their damage at the greatest of costs were realized, that agents of respective governments would be on the exact fringes of grounds, lay claim to the treasure."

We begin to get the idea. What we are working toward is an autonomy of the audacious. Into their hands we commend the nation's spirit. Your Frank Sinatra was approached by a magazine reporter and her crew. As in often the case, Sinatra was in no mood for flattery and said, "You're dead. Every one of you. You're all dead." A chilling remark given the character of Sinatra's alleged assassin. The singer has made a career of waiting on the world's leaders, but never said. In spring 1960 Sinatra invited Frank Sinatra to Washington and awarded him the Presidential Medal of Freedom.

Mel Fisher, too, got his share of strokes. Paul Hinkley, the Republican who was the first to make a public charge to Key West and so did Frank Perdue, a well-known chicken producer who once had money in Fisher's operation. Florida papers ran the story with color photos, and an article said discovery of the Alacha's treasure was "a magnificent victory over the sea, over the centuries and over all those government hold-forties who couldn't find their aft with both hands." Fisher had a right to be overjoyed. "Everybody is happy for me," he said, "that I know Mr. President, the medal, if you please."

Fred Bruning is a writer with *Freemans* in New York.

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Rancher Dale Wallie and drought-stricken grazing range of Yellow Grass, Sask.: federal help as overdue as rain

CANADA

Mending fences in the West

A s a reluctant sun baked the dry crops and pastures in parts of the West last week, a small federal cabinet contingent broke away from vacation to approve a \$48-million drought assistance program. To western farmers, announcement of a first stage of assistance—to aid livestock producers in all four western provinces—was as overdue as the rains. It was also designed to calm Prime Minister Brian Mulroney of one source of dispute with the West as he overcame last preparations for a high-profile visit to British Columbia this week with more than half his 36-member cabinet. The trip followed indications of erosion in western support for the Conservatives.

Despite past pledges to build a "grand alliance" of East and West, Mulroney's visit in his first to British Columbia as Prime Minister. He has only meted each of the other western provinces since since his election victory last Sept. 4. Officially, the main purpose this week in three days of closed meetings at the Hotel Vancouver between Mulroney and the 13 other members of the cabinet's powerful priorities and planning committee. But Conservative strategists organized five days of events centered on Vancouver and elsewhere in the western around the province.

A Gallup poll released last week showed national support for the Conser-

vatives down to 40 per cent from the pessimistic high in October of 50 per cent. More disturbing to the Tories, the survey—conducted between July 11 and 13 following the government's retreat from plans to end full inflation protection for old-age pensions—found that the decline was most apparent in Quebec and the West. Although Gallup did not provide regional figures, it concluded that in the West the Conservatives have "a solid but not a majority position." The New Democratic Party, said Gallup, is running a "solid second in the West." Earlier in August the Toronto Globe and Mail published a poll conducted by one of its Montreal-based reporters that showed support for the Conservatives at 37 per cent. That poll, carried out from June 18 to 20, found the most significant drop in Tory support in Atlantic Canada and Quebec. But once, unlike Gallup, found western support steady at 59 per cent.

It was clear that the cabinet's visit to British Columbia was designed to influence a much wider audience. Mulroney's agenda determined to end what some observers say is a damaging perception

that his government is drifting toward its second year with little vision and few plans to guide it. To that end, he announced 18 appointments last week to complete a cabinet reshuffle of the senior bureaucracy. A much-delayed cabinet shift was planned between Mulroney's departure for Vancouver. And even in British Columbia, the cabinet is expected to reconvene on preparations for the resumption of Parliament Sept. 5.

Inside the Hotel Vancouver, the highest priority for the senior cabinet was to be a long-awaited decision on whether to seek an agreement with the United States for faster border

crossings for faster border —an arrangement supported by the four western provinces at a May meeting in Grande Prairie, Alta., when they called jointly for the creation of a U.S.-Canada common market. The federal ministers were also expected to discuss the possibility of reducing Canada's claim to the Northwest Passage to the International Court of Justice in the wake of the Arctic voyage this month of the U.S. Coast Guard icebreaker Polar Sea.

Mulroney, evasive



At least 20 cabinet ministers have been recruited for a series of ribbon-cutting events and other appearances in an election-style blitz of British Columbia. Mulroney's time in Vancouver, from his scheduled arrival Tuesday evening to his departure Friday, was billed as a working visit. His major public functions were to be a Tory-sponsored speech and reception in the night at the Expo '86 site and an appearance Friday with the Aga Khan, spiritual leader of 50 million Sunni Muslims, at the opening of a mosque in Burnaby.

Conservative MPs and strategists insisted last week that their desire to see the polls in to be expected as a government confronts tough issues. Certainly, despite Mulroney's frequent appearances in Western Canada, there is little of the bitterness that was directed at the Liberals under Pierre Trudeau. Part of the goodwill is a result of Mulroney's March 28 performance in a pricing agreement with the three westernmost provinces and the ending of restrictions on foreign investment. "There has been a very much changed atmosphere in the past year," said Alberta Interprovincial Affairs Minister James Horner. Saskatchewan's Conservative government has undergone a similar change in attitude since fellow Tories took over in Ottawa. Regimes welcomed a federal Conservative plan to deregulate the airline industry—a proposal it had labelled as dangerous when offered by the former Liberal government in Ottawa.

Of all the western provinces, only Manitoba's NDP government has expressed seriously strained relations with Ottawa. The provincial government's own claims to claim that it is being short-changed by Ottawa on provincial transfer payments, a dispute that began shortly after the Conservatives took power. And recently Premier Howard Pawley proposed the "light of his life" if the Prime Minister would not remove plans to move Transport Canada regional headquarters from Winnipeg to Edmonton.

Also in recent days, the Mulroney team converged on British Columbia, there were signs that Tory support is declining there too. Vancouver Board of Trade president Bruce Pepper said his group is "significantly disappointed" that the Tories have not waged a more effective fight against the federal and provincial deficit. And the 100,000-member B.C. Federation of Labor is impatiently waiting for an improvement in employment. As Federation spokesman Thomas Pineske said last week, "Westerns often have not been recognized."

—KEN MACQUEEN in Ottawa, with CHRISTY FLETCHER in Vancouver, JEANNE DUNN in Calgary, and JOHN R. BAKER in Calgary, with in Winnipeg

Shuffling the mandarins

Last Oct. 3, just 11 days after he took the oath of office, Prime Minister Brian Mulroney announced plans to make "substantial changes" in the senior ranks of the federal civil service and to reorganize "new jobs and new people." After waiting three months, Mulroney made 20 appointments on Jan. 8 in what he described as "the largest single change of senior people in the history of the Canadian public service." On Aug. 2 he announced a further top-down shake-up. Then, last Wednesday he released a list of 18 more. But of the total of 46 appointments since Mulroney began making his changes, only six—including those men hired from provincial bureaucracies last

executive director of the International Monetary Fund in Washington. Arthur Kroeber, 52, was named deputy minister of regional industrial expansion after carrying out a still-pending study on whether Canada should participate in the research for the U.S. Strategic Defense Initiative, the so-called Star Wars program, which President Ronald Reagan has ordered allies to join.

Last week's appointments followed weeks of behind-the-scenes negotiations and reorganizing efforts. During that time Mulroney worked closely with Gordon Oschke, who has resigned as 36 from the dual posts of cabinet secretary and clerk of the privy council—the high-ranking public servant job—and was replaced in the Aug. 2 announcement by Paul Tiller, 46, a veteran bureaucrat who had been deputy energy minister for a source close to the Prime Minister. And then Mulroney failed in personal attempts to enlist more high-calibre—and highly paid—talent from outside government because of the relatively low salary range for deputy secretaries of between \$82,500 and \$114,500 a year.



Mulroney's 'new blood'

In making changes at the top of the bureaucracy without a referendum in Parliament, the Prime Minister also disappointed all eyes who had sought the right to review senior public service appointments—an idea advocated by Mulroney before he became Prime Minister.

During the election campaign last summer Mulroney said that political appointments should be approved by the House of Commons. And, however, studying parliamentary reform recommended in June 1984 House committees be able to question those appointed to senior posts, such as deputy ministers.

But Mulroney's limited success in bringing in outside reform career civil servants who had feared a wholesale purge overrode the Prime Minister's announced 55 top bureaucrats to a closed meeting last Oct. 2 and announced his "new blood" policy. Said one of Mulroney's closest advisers, "The Prime Minister went outside, but something came out of it."

—FRANK MCKENZIE in Ottawa

Opposing a coronation in Alberta



Gerry: 'The grassroots of this party must have a say'

In the early stages of the Alberta Conservative party's search for a successor to Premier Peter Lougheed, one man seemed destined for almost certain victory. Even though the premier had personally invited a dozen prominent Tories to compete for his job, most of them instead threw their support to Edmonton businessman Donald Getty, a Lougheed friend and former provincial energy minister. Indeed, for almost three weeks following Lougheed's announcement on June 26 that he would resign this fall, Getty was the only certain leadership candidate and he rapidly gained endorsements from 80 of the 70 Tory members of the Alberta legislature. Then, Municipal Affairs Minister Jehan Kanak entered the race on July 15. Calgary lawyer Ken Gitter followed a week later. Declined Getty but went on as campaigner for party delegate votes. "The grassroots of this party must have a say."

The emergence of competition for the leadership was welcomed by Conservatives who said that a Getty sweep would discourage an internal policy debate. Many Tories say that such a renewal process is essential after 14 years in which Lougheed dominated both the party and the government. While party member Garfield Marks, of Red Deer, to the *Edmonton Journal* early in the campaign, "There is a large number of staunch Conservatives whose interest is more than a coronation in which

the crown is passed from the premier to his protégé."

Gitter, who was an outspoken M.A. from 1971 to 1978, now has adapted to an leadership campaign through the rebuffs that "50 M.A.s and 100 party leaders should not be selecting the next premier of the province." But Getty had *Manitoba's* last week. "I don't know who people are referring to when they talk about party leaders. I think we were all equal in this party." At the same time, Getty, 51, acknowledged that he has consulted Toronto political adviser John Leachinger, whose help, opponents said, was sought because the Getty campaign is in difficulty. Leading up to the Thursday-evening weekend convention, Leachinger, who was national director of the federal Conservative party from 1973 to 1977, advised Brian Mulroney in the Newfoundland premier's successful 1979 leadership campaign and he worked with Ontario's Larry Grossman in his unsuccessful attempt to win the Tory leadership of that province last January. Getty said that Leachinger was merely offering him sound advice as a friend.

The main challenge to Getty and to the party establishment has come from Gitter, 56, a gifted writer who is known by reporters as "the party's conscience." Such men have been absent from active politics for 30 years. But Gitter, who is Jewish, captured public attention as the chairman of the government-commissioned Committee on Tolerance and Understanding, which toured the province during the past two years investigating police interference in Alberta's schools. His recollections in February—many of which the government has already adopted—included the establishment of a board to police the teaching profession, a requirement that private schools have certified teachers and a system of checking textbooks to eliminate racist or sexist references. As a result, Gitter angered numerous enemies among religious fundamentalists on the extreme right wing of the Conservative party but he gained support in Alberta's diverse ethnic communities.

Quoting party polls showing a drop in Tory support in six Edmonton ridings, Gitter now says that the party must move back to "mainstreet Alberta."

By contrast, Kanak, the youngest of the three contenders at 44, presents himself as a defender of the Lougheed legacy. Kanak, who has held those cabinet posts since the Lougheed Tories won power on Aug. 30, 1971, and sits on the shortest, priority committee, proudly proclaims his Ukrainian heritage and has built delegate support in ethnically mixed Edmonton ridings. Kanak expects claims by skeptics that he is in the race only to be guaranteed a cabinet seat, in the next government, saying with a smile, "I would be pleased to have Gitter and Getty in my next cabinet."

Getty is also running on his past performance as Lougheed's right-hand minister in the 1970s. He not only

Getty with wife, Margaret, still the favored candidate.



OPPOSITE

created a department of intergovernmental affairs to make Alberta bond in Eastern Canada but later he played a key role in establishing the *Symposium* on development project. At other parties and barbecues he tells potential delegates that he has always broken new ground, whether as the first Canadian-born quarterback to play in the Canadian Football League (with the Edmonton Eskimos 1952-64) or in negotiating future energy price agreements with Ottawa in the 1970s. "Now, they say you're rusty and all this stuff and you can't do it. I'm saying go by my past performance," said Getty, who is chairman and chief executive officer of North Star Energy Corp., an oilfield servicing firm controlled by Husky Oil. Getty, the father of four sons, is a director of numerous companies, including the Royal Bank of Canada and Genstar Corp.

But agricultural issues have dominated the leadership debate as nearly one-third of the province suffers from the worst drought since the 1890s. Getty has pledged to refund petroleum revenues to the \$18-billion Alberta Heritage Trust Fund to subsidize farmers. Gitter has vowed to run in a rural riding in the next general election—appointed next spring—to demonstrate his commitment to agriculture.

On other issues the three candidates have established by doctors in addition to provincial medicare insurance payments and, surprisingly, all question the desirability of free trade with the United States—an idea promoted by Lougheed. But they differ about government involvement in the economy. While Kanak opposes government intervention in business and industry and Gitter advocates activist government, Getty espouses a pragmatic middle line that characterized the early years of Lougheed's administration. "Now, and then there are times when the private sector cannot and does not want to do things that are in Alberta's public interest," Getty said in an interview. "That is when government has to encourage action in some way."

As the party constituency associations began selecting delegates for the Oct. 11-13 leadership convention in Edmonton—a total of 1,900 voting delegates will be chosen in a process that began on Aug. 7 and ends on Sept. 11—Getty was identified unofficially with a narrow lead among committed party members. But many more delegates declined to commit themselves in advance, a trend that encouraged Gitter's challengers. Declared Gitter: "There will be no consensus in the province of Alberta—we are in a tough three-way fight."

—ANDREW NIELSEN in Edmonton



South Africans were disloyal in Toronto, boycotting apples and burning shops.

'A tide of revulsion'

After External Affairs Minister Joe Clark announced restrictions on Canadian economic relations with South Africa early last month, critics dismissed the measure as a weak response to that country's repressive race laws. Even Canadian companies that operate in South Africa said the impact of the measures—including a voluntary code of conduct for the treatment of black workers—would be minimal. And although United States and Western European governments protested Pretoria's July 8 emergency measures against black apartheid by recalling their ambassadors, when Clark named Canadian Ambassador Edward Lee from Pretoria last week for consultations he stressed that the action was not a diplomatic protest. But across Canada, at the same time, individual consumers, and the governments of Manitoba and Ontario joined in boycotts of South African imports to consumers who Clark had described as "a rising tide of revulsion" against South Africa's white minority regime.

The boycotts affected sales of apples and beer, shoes and wine. First Manitoba and then Ontario ordered a halt to imports of South African wine and liquor by their provincial liquor boards. And although the potential economic impact was minor—the import value of South African wine and liquor last year was only \$2.6 million on a total two-way trade value of \$424 million—the declared purpose of the sanctions was to register disapproval of apartheid. Said Manitoba Attorney General Roland

Penner: "This fully reflects my fundamental opposition to the discrimination and violence practiced in South Africa."

The provincial measures reinforced a campaign by anti-apartheid groups that is also directed against beer produced by Carling O'Keefe Breweries of Toronto—on the ground that the brewery's international chain of corporate control extends to South African (you can follow the money). Several stores across Canada have been affected by customer boycotts of South African apparel companies and Grassy Smith outfit. Said Peter McLaughlin, president of the Clover Products Ltd. in Nova Scotia: "I won't order anything from South Africa after September—it just won't sell." And in Vancouver, shoe store manager Akhtar Matherally turned 12 pairs of South African-made shoes worth \$200 on the sidewalk outside his shop, and said, "The idea is to let the consumer know we should supply what little pressure we have on the government."

In Ottawa, Clark scheduled a meeting on the boycott issue next month with Canadian business leaders. And the provincial premiers planned to discuss the subject at a conference this week in St. John's. Nfld. Said Glen Marshall, spokesman for the Anti-Apartheid Committee of Toronto: "It is symbolic that Ontario has already acted, and further measures by provincial governments will make it difficult for the federal government to keep standing by."

—SHEENA ARMBRECHT with news agency reports



The late January snowed the Schilling Motel. The above factor.

An embarrassing motel

The grey-shingled motel stands at the north end of the Route 1 of Cape Breton Island with its main Nova Scotia. The 19-year-old motel is owned and operated by Halifax-based Kaddy's Motel Inn Ltd. But until June it belonged first to W. J. Billy Joe MacLean, minister of culture, recreation and fitness in the Conservative cabinet of Nova Scotia Premier John Buchanan, and then to MacLean's brother Bernard, a physician who was an unsuccessful Tory candidate in the 1978 provincial election. Between 1979 and 1984 the motel received loans totaling more than \$1 million from the provincial government. Then, this spring the business collapsed. The government at first declined to call in \$300,000 of outstanding debt guaranteed by Bernard (Dr. Bernard MacLean, but after critics levelled charges of political favoritism, the cabinet decided on Aug. 8 to hold the Tory debt to his guarantee.

Still, criticism of the Buchanan government continued last week. For one thing, Bernard MacLean, 40, a popular figure in West Cape Breton, said that he faces financial ruin if he is forced to repay the loan. For another, the motel affair was only one of several politically embarrassing episodes in the province. At the same time, the provincial economic outlook is worse than at any time since 1983.

The government's initial reluctance to demand repayment from MacLean fit the political pattern surrounding the motel affair. It was the Conservative administration of Premier George Smith in 1970 that provided a \$700,000 business-development loan to Billy Joe

MacLean to build the motel. By the time it opened in the Schilling Motel in 1979, power in Halifax had changed hands. To buy furnishings Billy Joe borrowed \$400,000 from brothers Bernard and James, who is also a doctor and has been the Tory MHA for Inverness North since last November. By 1979 Billy Joe MacLean owed \$1,800,000 to the Nova Scotia Business Development Board, and a further \$200,000 to Bernard. But, with business slow in the motel, he was unable to meet payments on either loan. In February, 1985, the provincial board foreclosed.

Both Billy Joe and Bernard blame their late problems on the 1980 cutbacks. Provincial agents, unable to find a buyer at the motel's assessed value of \$400,000, turned it over to a sheriff's auction in April, 1985. But a board representative forced the bidding

W.J. MacLean gathers



money over one year. On April 13 the loan board foreclosed again, and in early June it sold the motel to Kaddy's—for \$375,000. The transaction left the loan board short by \$380,000.

But while the family business was failing, the political career of Billy Joe MacLean, 48, flourished. Elected to the legislature in 1981 in the new riding of Inverness North, Billy Joe joined Buchanan's cabinet in 1983 and returned in last November's Tory election landslide. Late last month, when the loan board recommended that the government waive its right to recover the motel debt, the opposition claimed that it deprived a partisan member, Liberal Leader Yvonne MacLean (no relation) contracted the decision to a government campaign to collect overdue student loans and he added that, for the Tory government, "it is one set of rules for one group of people, and another set for people who have influence." On Aug. 8 the cabinet decided to order the loan board to try again to collect its money. Despite Bernard MacLean's protests that loans on the motel have drained his savings, Zetser said last week, "if he wants to sue, well, it will recommend that we sue him."

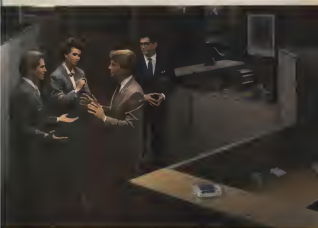
Provincial New Democratic Party Leader Alexa McDonough said that the whole affair was a reflection of "the same disease." She added that an air of ineptitude and political favoritism has surrounded the Buchanan government since last fall. Among the embarrassments that McDonough and other critics referred to in the November election, Tory Minister MacKay lost his St. John's seat after allegations—later confirmed by the provincial auditor-general's office—that he had improperly claimed \$34,454 in travel expenses. MacKay has still not replied to a request that he repay \$7400 and an RCMP investigation into his actions is "well" active, according to an officer in charge. As well, the Tories were embarrassed by

revelations that rural Conservative MHA had discretionary access to road repair funds worth more than \$1 million.

While lawyers for the loan board and Bernard MacLean exchanged telephone calls last week, one political aide close to the cabinet summed up the government's outlook: "We've slipped. But we realize it and we're dealing with it. We've just got to bring the wagon a little closer together."

—CRAIG WOOD in Halifax with ALEXA MCDONOUGH in Port Hastings

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Houses burning after rioting in Durban: a belittling defiance of apartheid's cornucopia and a damnation of its crime

WORLD

Botha's defiant refusal

The address was awarded with a rapt tenacity, both within South Africa and around the world. The site was the city hall in downtown Durban, the provincial capital of Natal, and the occasion was the opening of the ruling National Party's Natal Congress last week. Jammed into the auditorium, a crowd of more than 1,000 white South Africans stirred expectantly on their seats, awaiting the keynote speaker—the party's leader and the country's president, P. W. Botha. For days, many analysts had insisted that a fundamental reform of apartheid was imminent. And Botha himself declared that his remarks would represent a "manifesto for a new South Africa." Instead, Botha delivered a defiant, often belittling, defense of apartheid's cor-

ruptions and a ringing denunciation of its critics. "We have some gives in to outside demands but we are not going to do so," the president declared. "I am not prepared to lead white South Africans and other minority groups on a road to



Black policemen burned to death by protesters, hatred

abolition and suicide."

The speech was a profound disappointment to South African blacks. As well, government officials in Europe and North America expressed surprise

and anger at Botha's refusal to make major concessions. Indeed, some observers predicted that Botha's stance would ignite new violence and force even Pretoria's most loyal allies in the West—the United States, Britain and Canada—to impose economic sanctions. And on the weekend two blacks were killed and 150 people injured by police after riots broke out in Cape Province, Natal and in black townships east and west of Johannesburg. Still, despite 16 months of rioting, 630 deaths and a month-long state of emergency, the president rejected demands for a one-man, one-vote policy in a unitary system of government—the ultimate and long-sought goal of the nation's 23 million blacks. "Such an arrangement," he said, "would lead to the domination of one over the others and it

is not a practical solution." The president also refused to release black nationalist Nelson Mandela, 67, unless he renounced violence and accepted exile in the Transvaal homeland. Leader of the outlawed African National Congress, Mandela was convicted of treason in 1964 and has been imprisoned ever since. After a brief visit with his husband last week at the Polkwane prison in Cape Town, Mandela's wife, Winnie, said, "There is no question of his accepting that kind of release."

Indeed, to the swelling chorus of criticism in his own country and abroad, Botha had a firm, unequivocal response. He declared: "We are not going to be deterred from doing what we think is best, nor will we be forced into doing something we don't want to do. Listen, my friends, listen. Destroy white South Africa and our influence in this subcontinent of southern Africa and this country will drift into factions, strife, chaos and poverty." His government, Botha added, was committed to gradual reform. And it recognized the need to negotiate both with urban blacks and with those from the 16 black homelands set up by Pretoria since the apartheid system was established in 1948. "I believe today that we are creating the Robben in South Africa," the president declared. "There can be no turning back."

Botha's manifesto contained only limited concessions, marked in ambiguous language. Still, some experts said that he seemed to be offering a qualified form of citizenship, urban land rights and a recommitment of past laws that curb black movement within the country.

Botha acknowledged that the system of influx control, designed to curb black urbanization, was "outdated and too costly." He also conceded that blacks—who were not citizens of the homelands—were "part of the South African nation." But although blacks make up 75 per cent of the population, Botha insisted: "We are not prepared to accept the antiquated and racist approach that South African minorities of a white minority and a black majority. This country is a multi-racial society, a country of minorities."

Reaction to Botha's speech was swift—and largely negative. Within hours the nation's currency, the rand, plunged to a record low against the U.S. dollar. While South African police enforced a 10 p.m. to 4 a.m. curfew in Soweto, the sprawling black township south of Johannesburg, black leaders forecast a resurgence of arrest. "The armed struggle must and will be stepped up," declared Oliver Tambo, leader of the outlawed African National Congress, now based in Lusaka, Zambia. Many whites, he predicted, would be sad, and Tambo, "Botha must take the blame."

Among black moderates the address evoked sorrow more than anger. "I think the chances of peaceful change in South Africa are virtually nil," said Bishop Desmond Tutu, recipient of the 1984 Nobel Peace Prize. "I believe that we are on the brink of a catastrophe." Only international intervention, he added, would avert a bloodbath. Visiting Israel, Yeha Chafetz Gendai, chairman of the KwaZulu tribal homeland near Durban, charged that Botha had failed to take the bold steps that were required. "The easiest break-out of the four corners

Police observing blacks who fled their homes during outbreak of racial violence: a new wave of international condemnation



Dreaming of democracy

The cult of the leader is evident throughout the nation. Paraguay's newspapers publish his portrait, often in full color, almost daily. Television announcers praise him lavishly on the nightly newscasts. His face stares down from old election posters still plastered on city walls. And the repetitive slogans of his reign adorn billboards across the country. Above the Plaza de Itirore in Asunción, the capital, an orange neon sign blinks monotonously: "Stroessner—Peace, Work, Well-being." More than three decades after taking power in a military coup, Paraguay's Gen. Alfredo Stroessner remains the unchallenged leader of his isolated nation.

Neighboring Brazil, Argentina, Bolivia and Uruguay have all recently returned to democratic civilian rule after years of government by generals—but Stroessner's military regime is maintaining its authoritarian grip. Still, recently Paraguayans have begun a muted and cautious debate on what will happen when the 73-year-old president dies or retires. Last week, as Stroessner marked his 21st anniversary of seizing



Stroessner: institutionalized corruption

ragged power—the longest tenure of any world leader except North Korea's Kim Il Sung (in office 37 years)—the succession debate spilled out of the political back rooms and onto the parlor and coffee of Asunción. Suddenly, "post-Stroessnerism" is the talk of the town. "Stroessner has poisoned himself as the final arbiter of everything that happens in Paraguay," said historian Ricardo Caballero. "His longevity is important right now because no one is sure who can replace him."

Re-elected for his seventh term in 1983 in a closely controlled poll that gave him 90 per cent of the vote, the general himself has characteristically refused to comment on whether he intends to run again when his term ends in April, 1988. But the issue has sparked a heated argument within his ruling Colorado Party. On one side, the "traditionalists" contend that he should step down in 1988 in order to ensure a smooth transition and preserve the party's rule. On the other, the "militarists," led by Stroessner's longtime private secretary, *Stroessner, 73, still sits firm, even with criticism*, insist on an eighth term. Both sides agree that Stroessner, who appears to be in sound health, will choose his own time to depart. Among the possible successors: Luis María Argüeta, the Supreme Court president and Stroessner's son, Gustavo, an air force major.

The Colorado could lose a great deal if the opposition National Accord coalition should overcome economic odds and succeed Stroessner's government. The governing party, with 1.2 million members and offices in almost every town and village, counts on an extensive patronage network. The military has an even greater stake in the regime. To retain the loyalty of his top generals, Stroessner's critics say, he has allowed them to enrich themselves through control of a lucrative contraband trade in whiskey, cars and cigarettes. The result of the institutionalized corruption is a raw of mass misery in Asunción—one is modeled on France's Chateau Frontenac—and fleets of Rolls-Royces, all owned by senior military officers. By contrast, the average income of Paraguayan peasants—who make up 60 per cent of the total population of 3.6 million—is \$250 (U.S.) a year, according to estimates by the Catholic church.

Recent economic disruptions have widened the income gap, while heavy payments on a \$1.6-billion (U.S.) foreign debt and inflation estimated at double the officially announced rate of 25 per cent have siphoned the boom. Half the nation's industries stand idle, foreign reserves are falling, and there is pressure from the International Monetary Fund to devalue the guaraní, the Paraguayan currency. That is in sharp con-



Military parade: authoritarian grip

trast to earlier economic advances fueled by the construction of the great Itaipu hydroelectric project. In fact, between 1977 and 1980, when the downturn began, the Paraguayan economy grew by an average of 11 per cent a year—the fastest rate in Latin America.

Now, economic discontent and the democratic revival in South America have combined to give new strength to the frail political opposition. But government measures—including restrictions on access to the media and the right of assembly—have weakened the National Accord's efforts. Indeed, the long-running anti-Stroessner coalition still has little popular support. And many Paraguayans credit Stroessner's strong leadership for giving the country political stability and ushering it into the modern world after decades of anarchy and backwardness. A generation of civilian rule has all but wiped out the dream of democracy, leaving most Paraguayans indifferent about politics. "We have been living under a dictatorship that has totally deferred our society," said Aldo Marchillo, publisher of an opposition newspaper, ABC Color, closed by the government last year. "The worst thing is, we just don't know what's going next."

—KATHY LIGER in Asunción

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McFadden's hull of the Greenpeace ship in Auckland: 'a great spy novel'

NEW ZEALAND

A storm over the Rainbow

French Defence Minister Charles Hernu brushed aside reports of wrongdoing as "a great spy novel." But following a series of sensational allegations, the issue of French involvement in the July 1985 sinking of the Greenpeace ship *Rainbow Warrior* in New Zealand assumed even dimensions that week Greenpeace had been planning to protest French nuclear tests in the South Pacific. And despite Hernu's dismissal, Paris was not treating the case as fiction. New Zealand officials said that two French nationals arrested in connection with the sinking were in fact French agents and French President François Mitterrand sent New Zealand Prime Minister David Lange a note pledging to investigate the French connection "with the greatest possible severity."

The focus of the inquiry is the Direction Générale de la Sécurité Extérieure (DGSE), the French foreign intelligence agency. Nicknamed *La Pincette* because its headquarters is across from a Paris subway swimming pool, the organization has a history of scandals. Indeed, the man Mitterrand chose to head the Greenpeace inquiry, special investigator Bernard Trépo, 55, handled a similar 1986 investigation into

the navy's involvement in the presumed death of Mehdi Ben Barka, a Moroccan opposition politician who was abducted near his Paris home and never seen again. *La Pincette* has also been linked in a recently published French book to drug smuggling in the Far East during the 1960s and even to the Quebec separatist movement during the 1980s. Trépo was expected to question Hernu, the minister responsible for the DGSE. A French magazine, *L'Espresso* du Jeudi, last week charged that an unnamed senior defence official had approved the anti-Greenpeace operation.

Meanwhile, New Zealand authorities tracked the movements of numerous two underwater bombs attached to the *Rainbow Warrior's* hull tank: the converted tanker in Auckland harbor and linked a Greenpeace staff photographer. Two prime suspects, Sophie and Alain Taveau, were remanded in Auckland for a preliminary hearing on murder, arson and conspiracy charges scheduled for Nov 4. Some sources said that Sophie Taveau, 36, is a captain in the French navy and that her occasional work as a member of a special French underwater combat squad Regulus, it is claimed, was instrumental in planting a female accomplice on

McFadden's infant



board the vessel to gather intelligence.

The reputed spy is Frédéric Baudouin, 35, another French national Greenpeace International chairman David McFadden said last week that Baudouin had befriended the Greenpeace crew in Auckland, then disappeared after the boat. She re-emerged briefly in Israel before being again when New Zealand newspapers linked her to the case. Three men wanted for questioning have also vanished. After the bombing the group was seen sailing from Auckland around the Otago, a private yacht which they had chartered in New Caledonia. The three are known mercenaries. A fourth companion, an expert underwater swimmer named Xavier Managat, has been questioned by New Zealand police and released.

Authorities are now investigating a theory that the mercenaries are mercenaries based in New Caledonia, a French territory, where European agents are fighting an independence drive by native Melanesians. They possible motive, to discredit the Mitterrand government, which has proposed granting limited autonomy to the territory. Meanwhile, the \$150,000 *Rainbow Warrior* is missing, presumably scuttled at sea, and officials say another ship may have taken the group into hiding.

Other observers say that the Taveaus may have been discredited by right-wing factions inside the DGSE, which wanted to embarrass Mitterrand's Socialist government before next year's national assembly elections. A traditional opponent of *La Pincette's* covert activities, Mitterrand has entrusted the agency and carried the personal of many party-line agencies, apologetically known as "honorable correspondents." Still another theory is that overseas operatives inside the DGSE sought to prevent the *Rainbow Warrior* from exposing a past scandal in Marana, And in French Polynesia to protest French nuclear testing. In the past, Greenpeace has successfully organized Pacific boycotts of French goods to protest the test program. It is also claimed that Greenpeace may have intended to relay data from the marine tests to the Soviet bloc.

As the formal investigations continued, Greenpeace officials contacted their own inquiry and vowed to carry out their original plan—photographing the tests and conducting surveys on the health of sea residents. Declared Greenpeace's McFadden: "It irritates them because they have to send warships to keep us away. It is difficult and expensive. But blowing up a French ship is not a way of an ally, that's heresy."

—JANET MITCHELL, via BRIGIT JANSSEN
of Paris, LAUSANNE in London and 24/24
MILWAUKEE in Auckland

IRAN

The erosion of unity

Millions of Iranians lined up to vote in the country's fourth presidential election last week, but their choices were strictly limited. Weeks earlier the Islamic republic's Council of Guardians, which screens potential candidates, rejected 45 applicants—including Iran's sole opposition figure, former prime minister Mohd Basajeg. That left just three candidates, the incumbent, Hajatollah Ali Khamenei, 46, and two Islamic-conservative members of the ruling Islamic Republic Party, former trade minister Hashem Akbar-Dehghan, 53, and lawyer Sayed Mahmoud Mostafaei Kashani, 43. The outcome was never in doubt. A last week's exit, early results from 36 electoral districts showed Khamenei had captured 91 per cent of the vote, easily winning a second five-year term.

But the election also revealed cracks in the unity of the six-year-old Islamic republic led by Ayatollah Hashem Khamenei. Khamenei's opposition leaders urged a boycott—although there was no indication of how many people went along—and authorities said they had arrested or killed more than 40 guerrillas of the Paris-based Mujahideen-Khalq. The guerrillas, bitter and fed, had planned a series of assassinations to disrupt the poll. As well, there were new developments in the Persian Gulf. War with Iraq, a massive Iraqi air attack on the crucial Kharg Island oil terminal in the northeastern Gulf damaged several ships and oil storage tanks, threatening to reduce Tehran's already dwindling oil exports. The war has cost Iran billions of dollars since it began in 1980.

So far, Khamenei has kept dissent under tight control. The regime has executed a series of appointments and Basajeg's Freedom Movement, the only legal opposition, continues support mainly from the disinclined class. Still, the president's power is under challenge. His principal adversary is powerful ayatollah Hashem Akbar-Dehghan, architect of Iran's foreign policy. A final showdown between the two may not be expected until Khamenei, 53, relinquishes power. Although he has selected theologian Ayatollah Mostafaei as his probable heir, Akbar-Dehghan will have to become the power behind the throne.

—MARCOUS DEE with correspondence reports

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Marcos's game plan



Marcos: accusations

After months of preparation, Philippine opposition leaders filed a resolution in the national assembly last week calling for the impeachment of President Ferdinand Marcos, 67, who has governed with iron control for nearly 30 years. Signed by 96 of the 97 opposition assembly members, the resolution accused the president of violating the constitution, enriching his friends and family and amassing an enormous fortune by siphoning the public treasury. Among the family's vast holdings alleged in the 20-page document: a Manhattan residence, a London mansion and a Roman estate. But when the measure reached the assembly floor, Marcos's ruling New Society Movement (NSM) used its 2-to-1 majority to direct the resolution to a 30-member committee, which swiftly voted it down. Opposition politicians called the proceedings a "useless farce" and predicted that Marcos might soon call a snap presidential election to take advantage of the hearing among his rivals. Indeed, said leaders, such an election could take place this fall—fully two years ahead of schedule.

SOUTH KOREA

Chun clamps down

Angered by a rise in opposition activity, South Korea's military-backed government has begun tightening its already firm control on the country. Recently authorities jailed 300 students for involvement in anti-government protests, charged teachers and artists with supporting illegal demonstrations and, for the second time, put the country's leading dissident, Kim Dae Jung, briefly under house arrest. As well, the administration of President Chun Doo Hwan proposed legislation that would provide "political re-education" for radical students. Under the campus stabilization act, which Parliament will consider later this month, students could be held in special "reorientation" camps for as long as six months. Officials have portrayed the law as a humane way of helping students to shed Marxist ideas and "turn back their way of thinking to a safer side." In turn, opposition leaders have vowed to mount a nationwide campaign for withdrawal of the "dictatorial" legislation. But last week Chun told opposition leader Yi Mi-u-a that he was willing to amend portions of the bill. Declared one leading dissident, Kim Young-Sam, afterward: "This could be the start of negotiations."

LEBANON

Beirut bombing

It was one of the worst terrorist attacks to strike modern Beirut. In a sweltering heat on Saturday, scores of weekend shoppers crowded a supermarket in the suburb of Jdeideh. Then, a 100-lb car bomb exploded outside. Within seconds the six-story building erupted in flames. Witnesses said people trapped in the upper floors shouted for help as

flames with ladders fought thick smoke in attempts to reach them. The casualty toll at least 50 dead and 90 wounded. In the street the blast destroyed or damaged more than 70 cars, left a 10-foot-wide, five-foot-deep crater and hurled the engine block of the badly-trapped Mercedes-Benz more than 200 m. No group immediately claimed responsibility for the bombing—the second in Christian East Beirut in a week. But commentators of the Lebanese Forces militia, meeting in emergency session, blamed their Moslem foes for the action. Fighting between Christian and Moslem forces is escalating, and military units killed 40 people in the Lebanese capital last week. A statement read on the Christian Voice of Lebanon radio station after the bombing said, "We promise our community to avenge the blood of our innocent victims."

UGANDA

Rebel rumors

Two weeks after military officers in Uganda overthrow President Milton Obote in a coup, setting off a violent rampage by soldiers, residents of Kampala began cleaning up—sweeping the streets in the capital, repairing gutted shops and returning their jobs. Then, a new wave of panic struck last week as rumors circulated that a rebel army had captured the key western town of Mbaraka and was preparing to march on Kampala. As thousands of residents locked shops and rushed home from offices, Uganda's new leader, Lt.-Gen. Tito Okello, denied that the National Resistance Army had captured Mbaraka. Said Okello: "The military command is in full control of the country." But the general later canceled a scheduled press tour of the disputed area, a trip that had been arranged to prove the region was secure. Since the July 27 coup the rebels—under former defense minister Yoweri Museveni—have repeatedly rejected Okello's peace offers. And last week they failed to attend scheduled peace talks in Tanzania—fostering prospects of an early settlement and raising concerns that more violence may now break out.

INDIA

Mending fences



Gandhi's determination

After only nine months in office, Indian Prime Minister Indira Gandhi is displaying determination, and some success, in tackling his divided nation's tangled ethnic and religious disputes. Last month he signed an agreement with moderate Sikh leaders designed to end an often violent independence campaign in the northern state of Punjab. Then, Gandhi used his influence to bring warring factions in neighboring Sri Lanka, including Tamil-speaking migrants from India, to the negotiating table. And last week the 48-year-old leader announced an accord with Hindu militants in the northeastern state of Assam, where at least 3,000 people died in communal violence during state elections in 1983. Under the agreement, the government vowed to deport or remove the voting rights of as many as one million illegal immigrants, mainly Moslems, who entered Hindu Assam from neighboring Bangladesh after 1950. If the pact holds, fresh state elections may soon be held.

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The gathering takeover frenzy

The select group of men that dominates Canadian business has traditionally favored a closed conservative club. But recently, with a speed and aggressiveness that impresses most market watchers, major corporations are expanding and taking over competitors. It is a process that often creates fierce hostility between the aggressors and their targets. And it is profoundly altering the economic structure of Canada. Declared William Sweeney, professor of regulation and competitive policy at the University of British Columbia: "If we are not careful, we are going to end up with a handful of corporate monsters that totally dominates the economy, wielding an enormous amount of power."

Last week alone, no fewer than three major mergers or takeovers were underway. In the largest deal Petro-Canada announced that it will spend \$886 million to buy most of the refining and marketing assets of Gulf Canada Ltd., which itself was acquired by Toronto-based Olympia & York Development Ltd. in June for \$2.9 billion (page 30). Meanwhile, Manufacturers Life Insurance Co. of Toronto entered the takeover battle for Canada Trust Mortgage Co. of London, Ont., with an offer slightly more generous than one made two weeks earlier by Greater Corp. of Vancouver (page 28). And in Montreal, food giant Provigo Inc. unveiled a \$200-million deal to gain control of Consumers Distributing Co. Ltd., the Toronto-based cataplexis store chain.

Speed. This year, there have been 14 major mergers or takeovers involving publicly traded companies with a total value of \$6.7 billion, according to a study by Woods Gordon Management Consultants of Toronto. By contrast, there were only seven similar transactions totaling \$905 million in all 1984. And apart from the blockbusters, there are hundreds of less-publicized takeovers involving smaller companies. Indeed, the accelerating trend toward consolidation is apparently worrying federal government officials. In fact, Monks has learned that the government is drafting legislation to require that any plan to merge companies with a joint value of more than \$500 million be submitted to a commission for review. Under the law being drafted the commission would examine, in secret, the effects of the proposed merger on corporate concentration and decide within 90



Jackson: friendly third parties, new strategies and lost opportunities



Louch: questioning where repellents

days whether it could proceed. According to a government source, the provision as part of a long-awaited omnibus bill to be presented to Parliament this fall.

In the United States the business community has also been gripped by merger mania. "Corporate raiders"—a term for aggressive and unscrupulous acquirers—such as hedge-fund manager Leon Rapoport, Murdoch, Turner Broadcasting Systems Inc. chairman Ted Turner and Mesa Petroleum Co. chairman T. Boone Pickens Jr., repeatedly launch large and protracted takeover battles. Early this month Turner gave up a \$3-billion bid for media giant CBS Inc. Then, he offered \$1.5 billion for MCA/Universal Entertainment Co. That activity has led some members of Congress to propose bills that would restrict mergers. Sen. Congressman John F. Borenberg of Ohio: "These takeover fights bring with them the specter of waste and economic destabilization."

Tempests. A number of factors have contributed to the increase in corporate consolidation. One is the combination of relatively low interest rates and a promising economic outlook. In that situation chief executives of large corporations feel secure in assuming the huge amounts of debt that are often needed to carry out major purchases. At the same time, said Roger Krane, an economist with Toronto-based Midland Delorby Ltd., the nascent economic recovery has resulted in some firms generating large profits while others are still only breaking even or losing money, making them tempting takeover targets. Bold Krane: "Typically, a takeover with lots of cash realism that another company is undervalued and a good buy."

Another motive for takeovers is the fact that corporations with surplus cash often find that it is more convenient to buy an existing company than to start a new one. This is particularly the case when a firm with expertise in one area wants to diversify into others without taking the risk that are normally associated with launching a new business. In Canada, Kemptville Inc. offered that explanation for its \$400-million purchase of a 42-per-cent stake in TransCanada Pipelines in late 1983, a bargain-priced acquisition that gave Kemptville a stake in several processing and gas exploration ventures. KEMPTVILLE, said Daniel Jaros, KEMPTVILLE's vice-president and treasurer: "In our own mind, the basic provision of telephone service is growing at a very modest rate, and we are acquiring established companies in other areas in order to grow."

Increasingly, however, unwilling tar-



Sweeney: wealth, mismanagement

gets of takeover raids are fighting back. In many cases the senior managers fear losing their autonomy—or even their jobs—if they are taken over by an acquirer. To prevent that, corporate executives have devised a variety of defensive tactics commonly referred to as "share repellents." One of those methods involves amassing a firm's bylaws to increase greatly the number of shareholders who must attend a meeting to remove directors or approve major transactions.

Witchhunts. Poisoned in the United States, share repellents are rapidly gaining acceptance in Canada. Sweeney, Co. Genstar, Southern Inc. of Toronto, Loe Minerals Ltd. of Toronto and First American Corp. of St. Catharines, Ont., have all recently announced "poison" amendments intended to counter potential buyers. In some cases, however, the

proposals have met strong opposition from shareholders who were unwilling to lessen their chance of making windfall profits from a takeover that would increase the value of their shares.

At the same time, target companies often counterattack by making a competing takeover bid from what has come to be known as a "white knight"—a third party friendly to management. Indeed, Canada Trust is attempting to do just that to defend itself against a Greater takeover. It encouraged a bid from Manufacturers Life, whose president, Sydney Jackson, already sits on Trust's board.

Resistance. In extreme cases, companies sometimes adopt a so-called "poison pill" defense. With that, a company may deliberately make itself unattractive to corporate raiders by completing a takeover of its own and substantially increasing its debt load in the process. In one recent five-month takeover battle Union Enterprises Ltd., the parent company of Union Gas of Chatham, Ont., took a drastic poison-pill approach in an unsuccessful attempt to avoid a takeover by Unisep Canada Corp. of Toronto. Union bought Burns Paper Ltd. of Calgary for \$135 million. Burns Paper paid for Burns by issuing 10 million new preferred shares—a 30-per-cent increase in the number of voting shares in Union—the arrangement would give majority control of Union more difficult to acquire. But Unisep chairman George Mann still managed to take over Union. Now Burns is apparently up for sale again, and the potential buyers include Greater Western Ltd., Sobey Stores Ltd., McCus Foods Ltd. and Canada Packers Inc.

Some analysts say that many of the takeover defenses are unacceptably costly. Said Stephen Ainsworth, 55, a Montreal investment consultant: "The



Sweeney: corporate enemies

little gap is being ripped off all the time by management." And Toronto president James Leach adds that in many cases shark repellents enable management to interfere with the legitimate right of shareholders to control a company's future. Said Leach: "Managers should be accountable to the owners of the company. If they are not doing their jobs, the owners should be able to get rid of them."

The Ontario Securities Commission, which regulates the activities of publicly owned companies operating in the province, has also expressed concern about the defense mechanisms. Spokesmen say that changes in corporate voting rules could disadvantage common shareholders and reduce the likelihood that a takeover will increase the value of their shares. Declared one director, Roseanne Pasquini: "We have a draft position on defensive tactics that says takeover bids should not be impeded. That is an implicit acceptance of takeovers."

Sensitives: But many observers express concern about the effects on the economy of the recent series of acquisitions. According to economist Henry Kaufman of Salomon Bros. Inc., an investment house in New York, the huge loans used to finance giant takeovers can drive up interest rates by increasing the demand for credit and slow down economic growth. In one case last year Chevron Corp. of San Francisco borrowed \$18 billion (U.S.) to swallow up Pittsburgh-based Gulf Oil Corp., while Texaco Inc. of White Plains, N.Y., borrowed \$5 billion (U.S.) to buy Getty Oil Co.

Other analysts are concerned by the potential conflicts of interest inherent in the growing trend toward so-called "fully integrated" conglomerates. These corporate structures hold interests not only in the financial institutions that lend money but also other firms—including manufacturers, retailers and resource companies—that borrow it. The corporate reach of British-owned-controlled Biscuits Ltd. of Toronto, for one, includes control of Harward Inc., a Boston-based milling firm, as well as major stakes in John Labatt Ltd. of London, Ont., and Scott Paper Co. of Philadelphia. But Biscuits also has a major investment in the financial services sector through a 50-cent control of Triest Financial Corp. of Toronto, the country's largest financial holding company with \$5.2 billion in assets. Said David McQuinn, economics professor at Toronto's York University: "What assurances do we have that when financial institutions are in control of non-financial firms under the same umbrella, their lending standards will remain pure and aboveboard?"

Still, most executives contend that mergers and takeovers are generally good for the economy. Said Carl Blagitz,

director and chief economist at Toronto-based Dominion Securities Pitfield Ltd. (listed the product of mergers involving three large brokerage houses): "In many industries Canadian firms are being forced into competition with companies that are global in scope. They need a certain mass to compete with the big boys." For his part, Jack Hart, head of corporate financial services for Price Waterhouse Chartered Accountants in Toronto, said that the takeover process helps to shake out unproductive companies and restructure badly organized

one, handled 30 transactions last year before being taken over itself by Merrill Lynch Canada Inc. in June. Said Allan Crobie, 44, a former partner in Crobie, Arrattage who is now a vice-president and director of Merrill Lynch Canada Inc.: "The compelling reason we sold is that the mergers and acquisitions market is becoming international. In order to offer clients the services they want, we had to have international capabilities."

In the United States some companies have placed law firms noted for their merger expertise on a retainer—simply to ensure that they will have the best expertise available in the event of an unfriendly takeover. One of the most sought-after firms is Skadden, Arps, Slate, Meagher and Pless of New York, which has grown from 17 lawyers in 1968 to more than 400 largely because of its reputation as a takeover specialist. Among Seagram Co. Ltd.'s best weapons against a takeover is the presence on its board of directors of Irving S. Shapiro, a full partner in Skadden, Arps.

Cutbacks: As well, the history of recent mergers indicates that they do not always lead to aggressive offers, the architects of takeovers go heavily into debt in the expectation that some savings program will continue—only to face rising interest rates and a faltering economy. A case in point was the \$6-billion purchase of Houdersby's Pex Oil and Gas Inc. Ltd. by Duane Petroleum Ltd. of Calgary in 1981,



Crobie (left) and Murray Arrattage, new business

an arrangement financed almost entirely with bank loans. When the oil and gas market collapsed with the recession, Duane was unable to meet its huge debt commitment to sell it was saved only by a federal government rescue in 1982. In other cases, buyers mistakenly assume that because they are successful in one field, their management skills will work equally well in another. Still, the urge to merge seems stronger than ever. As Bell Knapik-Jones' Jervis puts it, "Businesses are like to build, and takeovers are a sign of that."

Compelling: Clearly, the takeover fever has provided a major increase in billings for lawyers and accountants who specialize in corporate acquisitions. In Toronto, Woods Gordon has 12 people working full time on mergers and takeovers. Another major deal-maker, the Toronto firm of Crobie, Arrattage &

—BRIAN LAYNE with BARRY RIFE in Toronto, BRIAN WALLACE in Montreal, DEBRAE, SAGE in Ottawa and LEO AUSTIN in Regina.

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An epic battle of knights and pawns

SPECIAL REPORT

Late last Friday afternoon a jet carrying top executives from Genstar Corp., a diversified industrial conglomerate, took off from Toronto's Lester B. Pearson International Airport for Sun Prairie, Wis., the company's home base. The men aboard the aircraft included Richard Patterson, Genstar's chief financial officer, and Brent Hieck, general counsel. Aboard

Traton's annual meeting last February, when its president, Mervyn Lake, declared that the widely held company was a "sitting duck" for a corporate raider. Soon after the meeting Genstar executives secretly met with Lake. But he eventually turned down their suggestion that Canada Traton be merged with a Genstar subsidiary, Canada Permanent Mortgage Corp., which would

mer's Life Insurance Co.'s offer to act as a friendly master bidder. It was clearly an elephant-hunt action for the outgroups and fiercely independent Lake, who for three years has resisted Manulife's gradual accumulation of 24.4 per cent of the trust company's stock. Manulife proposed a slightly more generous offer to shareholders: it would pay \$50 per share for a total of \$430 million, enough to raise its total stake in Canada Traton to just under 52 per cent.

Stakes: But in a counterintuitive fashion in takeover battles, Genstar's recently hired a team of highly paid, crack corporate lawyers from the prominent Toronto firm of Davies, Ward & Buck, immediately challenged Manulife's bid in the Ontario Supreme Court. Still, Manulife said its proposal has been carefully structured to avoid violating the Canadian British Insurance Companies Act, which prevents a life insurance company from owning more than 10 per cent of the common shares of any other corporation. Manulife planned to raise its direct stake in Canada Traton to 25 per cent, while two subsidiaries—Dominion Life Assurance Co. and Manulife Ltd., a real estate company—would purchase another 27 per cent. At the same time, in an unprecedented action the Ontario Securities Commission, which regulates stock trading, surprised Toronto's Bay Street executives by prohibiting the stockholders selling for the three warring companies from trading in Canada Traton shares for their own purposes. The surprise action was undoubtedly taken to prevent the kind of "insider" trading that has occurred in previous takeovers.

Whatever the court's decision, it was almost certain to be appealed. Meanwhile, the battle was growing momentum as the two sides struggled to win control of key blocks of shares. Indeed, one insider said, Manulife's bid that only days before Genstar announced it had, shed \$30 million in Canada Traton debentures—interest-bearing notes that can be converted into common shares at any time—may have been purchased by Fleet International Corp., a company controlled by Edward and Peter Brodeur of Toronto. The bidding could amount to a block of three per cent, which in past takeovers has been enough to decide the victor. If the Canada Traton battle continues to follow the classic pattern, the longmaker may soon emerge.



Canada Traton's office in Toronto: a "sitting duck" for a corporate raider

the plane they were able to relax after a week at the centre of a monthlong takeover storm. In business slang Genstar is "backlogged," a company that for the past three weeks has been the unwelcome bidder for London, One-based Canada Traton Mortgage Co., the country's largest trust company and the only one without a majority owner.

Then, just week a third party joined the bidding, and the stage was set for a classic takeover battle with a hostile bid, a search for a friendly "white knight" and swirling rumors of hard takeover specialists advised each of the parties on their next well-calculated moves.

Reign: For Canada's financial community the country's latest takeover struggle was actually a long-awaited event. The saga began at Canada

create one of the country's largest financial institutions. As a result, Genstar opened its takeover campaign, buying up 7.6 per cent of Canada Traton's stock. Then, on Aug. 2, Genstar filed its takeover offer on the Toronto and Montreal stock exchanges. The company offered to pay \$40 per share for a total of \$380 million to acquire control of 50.9 per cent of the Canadian trust company.

Lake, independent



Swivel: For their part, Canada Traton's executives did not respond to Genstar's bid for 10 days. Rumors circulated through the business community that Lake's first choice as white knight was cash-rich, acquisition-hungry Bell Canada. Employs Inc. of Montreal. In fact, Lake was hawking out an arrangement with another potential suitor. And last week he accepted Manulife's

—MICHAEL SALTER with GORD MCINTOSH
in Toronto

Creating an oil giant too big to hate

When Petro-Canada, the Crown-owned oil company, paid \$1.6 billion in 1980 to purchase Petrolia Canada Inc. and then bought 60 Canada Inc. in 1983 for \$545 million—using taxpayers' money to finance both purchases—private oil companies protested strongly. Their executives said that publicly funded competition in the oil industry was a destructive pro-

cess that would destroy the private sector's refining network. Fully 1,300 of the newly acquired outlets are in Western Canada, where Petrocan had only 350 stations and a six-per-cent market share.

Still, spokesmen for Petro-Canada's competitors said that they were relieved that it bought Gulf's less profitable "downstream" marketing and refining

Canada's history of acquisitions. The company will pay for Gulf's assets by using its own cash and by borrowing money from the banks, not the taxpayers. Since its creation by a act of Parliament in 1970, Petro-Canada's mandate has been to help make the country self-sufficient in oil and decrease foreign ownership. In pursuing that strategy, the company has received \$4.6 billion in direct government grants—most of it used to buy out other oil companies.

Now, under Prime Minister Brian Mulroney's government, Petro-Canada has a new mandate. For one thing, using federal money is unacceptable. And, according to Petro-Canada chairman Wilbert Hopper, the company is to operate in a private sector fashion—emphasizing profits, not the pursuit of Ottawa's policy objectives. The next step, many industry experts believe, will be for the Tories to privatize Petro-Canada. Indeed, last week stock brokers were already speculating on when the



Comparing Gulf and PetroCan stations: layoffs, plant closings and no more price wars

they and labelled Petro-Canada's former headquarters in downtown Calgary "Red Square." But last week, when Petro-Canada announced that it was buying most of the refining and marketing assets of Gulf Canada Inc.—including 600 refineries and 1,800 gas stations in Ontario and the West—for \$688 million, private companies did not protest. Explained David Yeager, editor of *The Flagship*, a monthly oil industry magazine in Calgary: "Nobody wants to get Petro-Canada angry. It is so big now that everybody does business with it."

Indeed, Petro-Canada's latest purchase—completed only 10 days after Olympia & York Developments Ltd. of Toronto paid \$2.8 billion for San Francisco-based Chevron Corp.'s 60.8-per-cent stake in Gulf Canada—strengthens its position as Canada's largest domestic oil company. When the Crown company completes the deal by taking over Gulf's 120,000-barrel-a-day refinery in Sarnia—likely in early 1987—it will be the largest processor of crude oil in Canada. And by adding Gulf's outlets to its existing network, Petro-Canada will have 4,268 gas stations, more than any other gasoline retailer in Canada. The

company's new mandate is to focus on exploration and development assets. Indeed, as Petro-Canada begins to replace Gulf's gas station signs with its own, it will probably have to sell or shut down some operations that are too close together. As a result, the entire industry may benefit from reduced competition among gas retailers. Said James Hamilton, an analyst with brokers Bell Goulet Ltd. in Calgary: "By eliminating one of the players, it may help cut down on gasoline price wars."

The possibility of higher gas prices, however, worried consumer groups. Said Sally Hall, president of the Consumers' Association of Canada: "We will be watching very closely to ensure that pricing doesn't go too far." For his part, Bell Goulet's Hamilton said that consumer demand would have to pick up and excess refinery capacity trimmed before prices could rise. The deal also marks a turning point in Petro-

Canada's history of acquisitions. The company will pay for Gulf's assets by using its own cash and by borrowing money from the banks, not the taxpayers. Since its creation by a act of Parliament in 1970, Petro-Canada's mandate has been to help make the country self-sufficient in oil and decrease foreign ownership. In pursuing that strategy, the company has received \$4.6 billion in direct government grants—most of it used to buy out other oil companies.

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Conrad policy shift



ANN-FELIX/ALAN AND MICHAEL SAUTON in Toronto with ALAN PAUL GILMAN and JEFF ATMAN in Calgary



Sanko Steamship Co. vessel: even in Japan's biggest corporate collapse

Sinking a shipping giant

The traditional froth of champagne was missing from the bow of the new bulk carrier Sanko Leo as it slid down the rails of a Japanese shipyard into the sea last week. The executives who launched the ship knew that the vessel's owner, Sanko Steamship Co., a renowned symbol of Japanese economic might, was in the midst of the largest corporate collapse in Japanese history. That day Sanko declared bankruptcy, citing debts of \$5 billion. The company owed its investors \$2.1 billion in future liabilities and billions in other commitments which have also slid for bankruptcy. With that, a court-appointed trustee in Japan began negotiations with banks and the government over whether to rebail the world's largest tanker operator—or let it slide down, a victim of a worldwide shipping collapse.

Creditors in foreign ports swiftly seized some of the 265 vessels under Sanko's flag, and the bankruptcy had an immediate effect on Prime Minister Yasuhiro Nakasone's government. Teikoku Kisen, the influential 16-year-old co-founder of Sanko who led the company presidency in 1974 for a political career, resigned from his senior cabinet post as minister of state for external economic relations. Kurematsu, who defended Sanko's interests in government, is the largest individual shareholder.

As well, Kurematsu was president of Sanko when it made the first of two decisions which eventually led to its bankruptcy. In 1973, on the eve of the

first great oil shock, the company placed orders for 16 oil-carrying super-tankers. By 1979 Sanko had doubled its tanker fleet, but by then the bottom had fallen out of the tanker market. Then, in 1982 Sanko decided to try to dominate the bulk carrier business, building new grain and other commodities. It delighted Japanese shippers by placing orders for 120 bulk carriers, even though there was already a huge oversupply of the vessels. By last March Sanko had accumulated losses of \$1.2 billion and was technically bankrupt.

Analysts say that other shipping companies are also in trouble. Since 1970 the amount of goods shipped by sea has grown by less than a third, but shipping capacity has more than doubled. As a result, by one estimate, shipyard orders for new vessels amount to as much as \$90 billion. Said Michael Russell, manager of the shipping department of Mitsui Bussan Kaisha in London: "For every name that hits the headlines, there are at least 10 others in the same predicament."

Now Sanko's executives are seeking government help to refinance their company. And with Kurematsu controlling a key faction on the ruling Liberal Democratic Party, some support seemed certain. Still, even if Sanko does survive, the bankruptcy has tarnished the Japanese business community's reputation for success.

—PETER ROSSIG in Tokyo

A tightrope negotiation

The contracts were backed as a landmark in the history of labor relations. Six years ago, when Chrysler Corp. was the weakest of Detroit's Big Three automakers, company employees bowed to management pressure and made contract concessions that left them well behind their counterparts at Ford Motor Co. and General Motors Corp. With Chrysler close to bankruptcy, United Auto Workers officials grudgingly accepted lower wage settlements. But the company has now posted record profits for two consecutive years. Then, last week, as the UAW and Chrysler opened talks in Detroit and Toronto on contracts due to expire on Oct. 15, union leaders demanded that the company raise pay levels to the same levels as those at the other automakers. Declared Robert White, director of the Canadian branch of the union: "There is no rational argument why Chrysler cannot meet the pattern of the Ford and GM agreements."

The company refused to comment on the partly new, but most analysts expected it to close the 35-cent-an-hour wage gap. Maryanne Keller, for one, an analyst with Vista-Fischer Associates Ltd. of New York, said: "There may be some slight variations, but the contract that Chrysler gets will very much resemble what Ford and GM get." Still, analysts predicted that Chrysler might balk at new demands that it bring payments up to the GM and Ford levels. Chrysler workers received after 30 years more pensions at 1984 a month, compared to 19,000 at Ford and GM. Still, officials estimated that Chrysler has the capacity to improve pensions because it was able to pay out bonuses totaling more than \$700 million last year to its top 1,500 executives.

The UAW also won the day's first negotiation. Since White was instrumental in separating the 330,000-member Canadian branch of the union from its US parent last December 31, said Keller, the UAW auto industry as far regards the division as a "newcomer." The automakers are accustomed to dealing with many unions, particularly in their European operations, she said, and they will apply the same "carrots and sticks" to the Canadian law as they do to any union. When talks resume on Sept. 10, White said, he expects new members at six Chrysler plants in southern Ontario will be counting on the carrots.

—MARK CLARK in Toronto

Lessons from above the salt

By Peter C. Newman

The newest grounds in the search for ways of making the capitalist ethos more palatable is to treat the everyday working environment as a semiotic landscape, eventually referred to as "the corporate culture." Within this new, fuzzy concept has emerged something known as "business etiquette."

Its most successful Canadian exponent is an accidental spokesperson with a silver tongue named Irena Janikowicz, who believes that her etiquette training can quickly be translated into money bottom lines. "Business with good etiquette will have higher closing ratios, because they know how to sellify the sale," she told me during a visit to her Toronto-based Etiquette Institute. "We've all been in a situation where we've gone to a party and there was a wonderful person who could really navigate, ordered the right drinks, said all the right things—and what happens? When you meet that person, you aspire for their approval. There are so few things about it you start acting differently—you want them to like you. So when you are that wonderful person and are dealing with a client, once you've opened the door to a response, people will aspire for your approval and place that order."

The process may not be quite that simple, but Janikowicz is charging as much as \$1,800 a day for groups of executives to attend her courses. The institute consists of two "bedrooms"—a living room/office and a boardroom setting that can quickly be switched into a dining room. "We run six days a week," she says, "with special table-manners training for upper management. I employ five teachers and I also travel, doing a lot of work in Ottawa with politicians. I consult to other parties, wedding and christenings, but mostly I teach corporate etiquette."

A former insurance sales representative with Dominion Life and Peck From Rivest, she describes her qualifications in prose befitting an out-of-control business cynic: "I sincerely love the struggle of life, which is what makes me qualified to teach it."

Janikowicz's most unusual social therapy group is a major football team, one she refuses to identify. "You have these kids who all of a sudden realize a phenomenon called salary," she says. "They have to learn how to control the media and to learn how to project a soccer image."

Advice and commentary flowed incessantly during the interview.

On modern etiquette in general: "Manners should not be used to impress people but as an avenue of expressing feelings translated into action."

On dining etiquette: "There are two places in this world where you can't fake it: when you make love and when you eat at a table—your background and your breeding are instantly revealed. I can eat with somebody for five minutes and be

the worst table manners in the world. They hold their forks incorrectly—as if they were pencils. They cut food the wrong way and even put knives in their mouths when they're eating macaroni or crabby snails. That's true from east to coast."

On power lunches: "The business lunch is critical. Your table manners reveal everything about you. Two drinks and you've lost the race's edge. People seem to think that just because they're not in a corporate environment they can relax. You can't. There is always that level of performance that has to happen to deal effectively with what's on your plate. Just watch the Japanese at a business lunch, and see how much they fold around."

On sex in the office: "It's very difficult to work with somebody daily at a high-energy level and not feel attracted to them. It never pays, but everybody will make that mistake once. What defines a true professional is impermissibility, which means the correct use of energy, and impermissibility. Too many people make the mistake of forcing their professional environments into their lives."

On office distractions: "If everybody was paid for the actual amount of work they did, we'd all be unemployed."

Dressing for business: "I'm quite radical in this area. I don't think God made a mistake when He created women and I don't think they should wear suits to work. I prefer a dress or blouse."

On the importance of correct behavior: "Good etiquette should never be used to impress, as it was in the past, because that caused class pretentiousness and division. The new etiquette is an embrace, an international language. If a man is known by the company he keeps, a company is known by the men it keeps, and it's good etiquette that gives the competitive edge."

Irena Janikowicz is writing a book (*Beyond Horowitz*) and is about to acquire a competitor, a bright Winnipeg woman named Mary Trueman who has started her own corporate deportment course called "Above and Beyond." If the president of Canada's Etiquette Institute has her way, our corporate culture will never be the same. "Life should be a dance, and unfortunately we're all stepping on each other's toes. We need to learn how to navigate in and out of situations. We need to have our rules defined—as men and women, as presidents and mail boys."

Would you be as kind as to pass the salt? Thanks much.



Janikowicz: the importance of etiquette

can be the most gorgeous guy in the room, but I'll tell you right away whether he's a fool. Dining etiquette is critical. I know there is one banking establishment in New York where top executives are monitored in their dining rooms before they are allowed to go and eat with clients."

On Canadian manners specifically: "Canadian businessmen have some of

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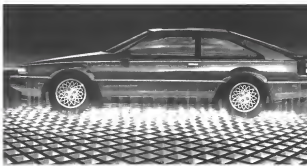
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COVER

The crisis over water

A leisurely summer weekend stream of canoeists goes through British Columbia's Skagit Valley, enjoying a genuine wilderness river only 100 km east of Vancouver. And halfway across the continent in Niagara Falls, Ont., hotels are packed with visitors strolling the city to see one of the world's wonders. The tourists—and millions of other pleasure seekers who are simply relaxing at lakeside cottages or at the beach—are sharing a richness enjoyed by no other country in the world. With less than one per cent of the world's population, Canada contains as much as 25 per cent of the global supply of fresh water. But now there is a growing concern in many quarters that Ca-

naadians' treasured privilege may be disappearing. Although its landscape is beguiled with lakes and rivers, Canada is not a water paradise without drought, pollution or conflicts over water use. For one thing, the picturesque Skagit Valley merely existed being flooded to provide more hydroelectricity for Seattle, Wash. Indeed, until 1983 Seattle argued that its need for more hydroelectric power justified increasing the height of a dam across the Skagit—a development that would have backed up water across the border and into the valley. Instead, British Columbia and the state of Washington eventually signed an agreement providing the city with hydropower produced elsewhere in the province. In Co-

lorado, water that flows over Niagara Falls into Lake Ontario supplies hydroelectricity for that province and for New York state, but at the same time it contains enough industrial pollutants to raise troubling issues about the safety of drinking water drawn from the lake (page 35).

Sufferings. For many southern Alberta and Saskatchewan farmers suffering through the region's worst drought in 45 years, the fact that Canada has more freshwater resources than any other country is of little assistance. Only 12 per cent of the river water flowing through Alberta empties into the southern drylands. The remainder, in such rivers as the Peace, Athabasca and Slave, flows north to the Arctic. And a 75-page

report, released last week by federal Environment Minister Senneca Row-Greener, warned ominously to the concern of farmers facing depleted reservoirs and shrivelled wheat and barley crops. The study, entitled *Unprecedented Drought in Canada: A Status Report*, noted that one of each dozen fields in coal and oil had increased the level of carbon dioxide in the atmosphere. As a result, the climate in southern Canada could become warmer, rising by three degrees within the next 50 to 75 years, possibly causing even more drought on the Prairies.

The federal report focused attention on climatic changes in Canada and it reinforced the belief that the entire world is raking toward a water crisis as its population expands toward an estimated \$1 billion by the year 2000. Indeed, in the late 1970s a consortium of scientists and environmentalists told President Jimmy Carter that water shortages could produce "problems of alarming proportion" by the turn of the century. Declared the commission's study, entitled *Global Report 2000*: "Development of new water supplies will become more costly virtually everywhere. The notion of water as a free good available in essentially limitless quantities will have disappeared throughout much of the world."

'Bellwether.' In Africa, competition for water has already caused bitter, divisive rifts, including Sudan and Egypt, over the life-giving flow of the Nile, one of only eight major rivers on the continent. And in the Middle East, Syria, Turkey and Iraq are arguing over their shares of the Euphrates for their industries, farms and cities. No wars are being waged over water, but Enzo Fano, chief of the water resources branch at the United Nations, predicts that many nations' need for water will soon make the oil crises of the 1970s pale in comparison. Said Fano: "You can see it already. Countries are becoming belligerent, very angry, over water. There is a potential for conflict wherever water crosses borders."

In North America the misery of prolonged drought extends beyond the be-

ders of Saskatchewan and Alberta. On the Atlantic seaboard New York City is brown, parched and dusty this summer as the northeastern United States suffers through one of its worst droughts in recent years. In an attempt to conserve water the city has banned lawn watering and car washing and has even begun treating water from the nearby Hudson River to augment supplies from its Catskill Mountains reservoirs 120 km away.



Industrial stacks; Niagara Falls (left): no paradise

At the same time, rain is desperately needed in the southwestern United States, where the Ogallala Aquifer, a giant underground reservoir that supplies farms from Texas to South Dakota, is running low. Sandra Postel, a researcher with the Washington-based World Watch Institute—a nonprofit organization that monitors global trends in the management of natural resources—estimates that continuing heavy demands could result in the aquifer's simply drying up within 45 years. Added Roger Vetter, a former executive director of the Canadian Institute for Economic Policy, an economic think tank in Ottawa, "The Southwest is where people want to live, but that is one place where there is no water."

Already, the increasing U.S. shortage

has convinced increasing numbers of militaries, scientists and business leaders on both sides of the border that Canada, with its huge supply of water, could serve as a reservoir for the entire continent. Indeed, Quebec Liberal Leader Robert Bourassa told *Montréal's* "Star" weekly last week that "if we have water shortages—what will be happening 10 and 15 years from now? If we can use our technology to increase the supply of water, why should we not examine the viability of selling our surplus to the United States?"

The former Quebec premier added that there may be a very significant—and profitable—role for Canada as a continental supplier of water. To that end, he has urged further study of a \$108-billion plan to dam freshwater James Bay, then divert the river water collected in the newly created reservoir through the Great Lakes to U.S. and Canadian consumers. Bourassa favors a concept that would require huge financial contributions from potential water users. The 15-year construction project in northern Quebec would provide 300,000 jobs for Canadians, even though no one knows the effects of such a massive change on the northern environment.

Bourassa's support—and North America's worsening water problems—has renewed interest in the megaproject first conceived 50 years ago by Thomas Kierman, a 78-year-old St. John's engineering consultant. Since then, the costs of former Liberal cabinet minister Elio Kierman has campaigned tirelessly for a plan that would collect river water flowing into James Bay. He says that Canadians should concentrate on getting the best deal possible—before the United States demands what it wants. "The United States will not simply come and take our water. First they will find another rationale—like spring oil from the Russians."

Kierman has also enlisted the support of Bobbie Macdonald, a subsidiary of a heavy construction engineering and construction firm, and he has won an endorsement from Simon Brissman, a former deputy finance minister who left the federal civil service in 1975 to become an economist and financial consultant in Ottawa. Brissman says that water could be a burgeoning tool in any U.S.-Canada free trade agreement. Said Brissman: "In the United States in particular, the water shortage is already affecting people's lives. I believe that certain parts of the country are in crisis and that if we go by the river, water will become a dominant feature of American policy and American concerns." Added Ralph Peetland, director of water planning and management for Environment Canada: "The pres-

west for North-South exchange are involved."

Ottawa's position has remained unchanged since Senator John Toner (R-Tx) said in 1985 that drought-stricken U.S. farmland might benefit from a diversion of "wasted water" from the North American continent's great overpopulated northwestern "flyoverland." Opposition Leader John Turner—at the time the parliamentary secretary to the minister of natural resources—declared, "We do not like this new policy which calls our water 'continental water.'" That is still the official view of Prime Minister Brian Mulroney's Conservative government. But Mulroney himself may soften that stand. For one thing, he supplied a written endorsement last winter of a plan to ship water from Quebec to Arab countries.

Protesters: As well, some Americans and Canadian experts say that the proposal to ship Canadian water south could harm the environment—and prove to be too expensive for consumers. Edward Oates, legislative director of the water resources program for the National Wildlife Federation, is one of them. He says that huge diversion programs would not solve any North American water problems. Declared Oates: "We are not facing a water crisis—but we may be facing a water management crisis. There is lavish use of faucets in the middle of Arizona, people water lawns every day, agricultural irrigators serve farmers growing crops that are in surplus anyway. All of this in the middle of the desert. It is incredible." But Oates acknowledged that Korman's large-scale concept may eventually become a reality. Said Oates: "Just because it is expensive does not mean it will not happen. Construction and other interests see it benefiting them and they see spending time and money to promote it."

But Mulroney's Tory administration may soon be forced to adopt an unqualified position on water exports. The reason: Brian Gensler has already received samplings of public opinion on the issue from a consultation studying federal water policy. The three-number majority—which was supported last year by former Liberal environment minister Charles Caccia—found that most Canadians regarded water as the sole remaining resource still under the country's control. And almost one-quarter of the 800 briefly interviewed in the consultation during hearings across the country strongly opposed any plans to sell off Canadian water. Declared inquiry member Janet MacInnes, a Toronto engineering consultant: "Water seems to have a special place in the respect Canadians have of their country. It is something that represents strength, cleanliness and heritage all in one bundle. And

although they will sell hydropower or bottled water, they do not like the idea of selling anyone straight water."

Instead of concentrating on large-scale proposals for North America's water problems, such observers at University of Victoria geographer Derrick Sewell say that governments should encourage more efficient use of available

farmland (out of 58 million acres under cultivation), the heavy demand for water has reduced levels in such noted wet streams as the Little Bow and Highwood Rivers. Said Peter McIntyre, assistant deputy minister in charge of Alberta's Water Resources Management Bureau: "These rivers are getting half their average normal flow

rule and pumps needed to send water to the farms. Provincial officials monitor the volume of water flowing into and leaving each district, but they say that they do not plan to install water meters and charge farmers accordingly. As a result, conservationists argue that there is little incentive to conserve water, which currently evaporates, seeps from

them. The University of British Columbia forestry professor cited fisheries management as one area in which there are often disagreements between Ottawa and the provinces. The federal government, said Pearce, is technically responsible for fisheries, but he pointed out that the provincial governments control other activities—including fish-

has been unable to convince the U.S. government to make the same understanding. Instead, President Ronald Reagan has called for more studies to prove that there are clear links between industrial emissions and polluted lakes hundreds of kilometers away before he imposes more controls. The two countries have agreed only to ask two special



James Bay Hydro project: Canada could be a reservoir for the entire continent

water resources. Sewell recommends that dryland farmers who grow cash crops on wheat and rapeseed use drip (perfected) pipes which deliver water directly to the plants instead of the large—and wasteful—circles that sprays popular across the Canadian Prairies and western states. Farmers require only a small part of the 30 billion gallons of water used in Canada each day. But unlike factories and plants, which return to nearby lakes and streams almost all the one billion gallons they use, almost half the two billion gallons used to water crops each day seeps into the soil or evaporates—especially in aridized farmland.

In southern Alberta, where irrigation systems feed 12 million acres of

this year, and there are no flows now that will fully satisfy recreational users and fisheries. That is the reality of a drought." But John Eisenbach, an spokesman for the influential conservation group Trout Unlimited, said that research has concluded that many fish in the rivers could die as a result of the lower water levels. Declared Eisenbach: "This could cripple what we consider to be the finest fishery in Canada."

Other conservationists say that they want the provinces to start charging farmers for the amount of water they use. Currently, Alberta's 18 irrigation districts charge farmers a one-time entry fee of \$10 to \$15 for each acre supplied and an additional yearly fee of \$7 to \$15 per acre to maintain the in-



Rafting in British Columbia: a rich heritage, but growing concern that Canadians' freshwater privilege may be disappearing

open creek or leak from improperly maintained equipment. Said Gary Sykes, a director of the 1,800-member Canadian Water Resources Association: "We do not accurately measure how much water farmers are using in southern Alberta. That alone would lead to more efficient water use."

Transcend: Determining what rights farmers, sports fishermen, farmers and municipalities have to the country's water resources is a highly complex process which often transcends provincial and even international borders. Under the Canadian Constitution, freshwater resources are largely under the jurisdiction of the separate provinces, but 19 federal agencies and ministries share—such as Fisheries and Oceans, Transport, and Health and Welfare—are also involved in such matters as navigation, monitoring water quality and preserving wetlands. And Peter Pearce, the chairman of the inquiry on federal water policy, said that there is an urgent need for increased co-operation between the two levels of govern-

ment—which have been known to have an adverse effect on fisheries. Added Pearce: "Often, this results in resource management conflicts getting elevated to political conflicts between the two levels of government."

Solving Canada-U.S. water problems can be even more difficult. There have been successful joint efforts to safeguard lakes and streams along the 8,886-km common border, notably an \$8.4-billion cleanup of Lake Erie during the 1970s. But divergent Canadian and U.S. positions on acid rain pollution have strained relations between the two countries. Coal-burning utilities in the U.S. Midwest and Ohio Ltd. smelters at Thompson, Man., and Copper Cliff, Ont., send sulphur dioxide emissions into the atmosphere. There, the sulphur dioxide combines with nitrogen oxides to form an acid rain, which environmentalists and area government officials have blamed for poisoning lakes in both countries.

Understanding: Ottawa wants to reduce the level of industrial sulphur dioxide emissions by 50 per cent by 1994, but it

enjoys—former Ontario premier William Davis and former U.S. transportation secretary Drew Lewis—to search for solutions.

During Ottawa's cross-country water policy hearings, conservative members quickly discovered that Canadians had an almost apocryphal regard for the country's water resources. Declared their report: "Water is special. Canadians think of Canada as a land painted with water, of forests ornamented with placid lakes, great rivers and rippling creeks." And to ensure that Canadian waters remain objects of pride, the University of Victoria's Sewell wants Ottawa to assess the country's water resources—and their ability to meet increasing demands. Without such steps, Canada could dissipate one of the world's richest heritages.

—GLENN ALLEN in Toronto with GREGORY FETTER and a husband, ANDREW NEWBER in Glenora, CALIF. MICHELE in Tokyo, NORTON LOREN in Chicago, BRUCE WALLACE in Montreal and LAM, NORTON and WILLIAM LOWTHORP in Vancouver

Seawater further study





Drought in New York City. Left: Canal barge; right: a legacy of the ice age and vulnerable to the pressures of civilization

The deteriorating Great Lakes

A legacy of the last ice age 12,000 years ago, the five interconnected Great Lakes—Superior, Michigan, Huron, Erie and Ontario—hold one-fifth of the entire world's fresh water. More ships pass through them than through the Panama Canal, and 37 million Canadians and Americans depend on their water for drinking, irrigation, recreation and industry. Still, in the near-death of Lake Erie in the late 1960s

as dramatically demonstrated, the Great Lakes are extremely vulnerable to the pressures of civilization. And now they face the greatest threat in their history: pollution from toxic chemicals. Scientists have estimated that 1,000 man-made chemicals in the Great Lakes, flowing out of factories, leaking chemical drums, sewage plants, farm-run fields and even from the air itself

—which transports not only and runs but also chemicals from factory smokestacks. They are invisible, but they build up gradually in the tissues of living things. In Lake Ontario, the most polluted of the five lakes, authorities have banned the sale of some commercial fish species because of toxic pollution. And many experts say that the

water of the Great Lakes may soon not even be safe to drink—without advanced purification technology. Declared Celia Iason, executive director of the Toronto-based environmental activist group Pollution Probe. "Unless governments really come to grips with the problem soon, the water from Lake Ontario will be undrinkable in 10 years."

Yanks The International Joint Commission—three Canadians and three Americans appointed by their respective federal governments—monitors water quality in the Great Lakes. In the 1970s IJC initiated a ten \$5.8-billion cleanup program which brought Lake Erie back from almost certain death. Algae, strangled by phosphate pollution, were choking all other life. But toxic chemicals are an overwhelming problem compared to phosphates, and attempts to control them have only begun. Indeed, Pollution Probe has identified 343 "toxic hotspots"—areas that have serious pollution problems—and the U.S. Water Quality Board considers at least 42 sites to be hazardous. Among the worst:

● The Niagara River, where legal and political disagreements have delayed action to clean up several old dumps

that leak deadly chemicals. And the Niagara Falls, N.Y., sewage treatment plant, whose brand-new carbon filters broke down in 1978 and have not been replaced, still dumps 80 million gallons of inadequately treated industrial waste water into the river every day.

● The harbor at Waukegan, Ill., where as much as 50 per cent of the bottom sediments is composed of polychlorinated biphenyls (PCBs), which are among the most hazardous chemicals that can escape into the environment. They have been linked with medical problems ranging from skin rashes to birth defects. Although U.S. officials say they are prepared to spend \$25 million to clean them out, lawsuits brought by the polluting company have prevented that from happening.

● Lake Ontario's Hamilton Harbour, which contains so many toxic chemicals and metals that 46 per cent of some fish species there have cancerous tumors. Still, provincial and local authorities have not yet moved beyond a discussion of the problem.

Ever if all pollution were to cease immediately, it would take Lake Ontario decades to flush out the chemicals that now pollute its waters. The much

larger and deeper Lake Superior would require centuries to recover completely from pollution. PCBs, dioxins, naves, benzene-aglynes, toxaphene, hexachlorocyclopentadiene and other toxic elements of the chemical mix cannot be broken down naturally. The main indications of their presence are deformed birds and fish with cancerous tumors. Although the chemicals occur in minute quantities measured in parts per million, trillion or even quadrillion, they gradually build up in living tissues, increasing in concentration up the food chain. (Recent studies show PCBs to be 300,000 times greater in codfish's milk than in lake water.) And 25 years may pass before their effects—usually severe as birth defects—show up. Meat-eating birds are expensive (in costs \$1,000 to test one sample of water for dioxin), and the chemicals cycle through the entire ecosystem. There are hundreds of compounds, affecting in ways that scientists have barely begun to understand.

Risk: The politics surrounding toxic chemicals are almost as complex as the substances themselves. Despite good intentions, it is not the Canadian and American experts sitting on the IJC who decide what action to take—it is their governments. Said the commission's Canadian co-chairman, André Bouchette: "The IJC is an extremely positive force but it is not powerful. We can only make recommendations to governments." In the past, the commission was able to convince the two federal governments to tackle such problems as hypophosphates and phosphates primar-

ily by installing sewage treatment plants that reduce chemicals flowing from industries. Politicians are often unwilling to mandate expensive cleanup programs because of the risk of alienating industry, and legal challenges can delay such initiatives.

Dilemma: In Canada the political stalemate is aggravated by the fact that 90 per cent of the toxic chemicals in the Great Lakes come from the U.S. side of the border. As a whole the situation is similar to the controversy surrounding the conversion of the polluting and rain, although the lakes themselves are large enough and well-ventilated to be almost immune from acid damage and sea-level rise.

Political considerations are particularly influential in the cleanup of the old chemical dump sites on the U.S. side of the Niagara River. Twice in the early 1980s the U.S. and New York state governments took Los Angeles-based Hooker Chemical and Plastics Corp. (now Occidental Chemical Corp.) to court to force the company to clean up two especially dangerous dumps, S-Arson and Hudson Park, which contain 2,000 tons of dioxin, the largest store of the deadly chemical in the world. Pollution Probe estimated that it would cost as much as \$50 million to dig up and dispose of the wastes in Hyde Park alone, but after private negotiations the company agreed to pay only \$40 million to try to prevent leaking at both dumps. And now, seven years after the high court ruled and the high court ruled the evacuation of the Love Canal neighborhood of Niagara Falls, N.Y., several dumps continue to leak deadly toxins underground, and in some cases into the Niagara River, which provides the drinking water of four million Canadians.

The Canadian position on the Niagara dumps, backed by both provincial and federal environmental ministries as well as such groups as Pollution Probe, is clear: dig up and incinerate the wastes

But U.S. officials take a different approach. The Environmental Protection Agency, backed by General Chemical, says that it is much safer to cover the wastes with plastic and sand and to suck up leaks if necessary. Declared the New York representative Charles Tonerella: "I do not hear of any Ontario comments voicing concern to take these wastes into their backyards."

Indeed, the Ontario government has never been vigorous in controlling industrial pollution. A recent report by Ontario's ministry of the environment documented the widespread discharge of untreated and untreated industrial municipal sewage systems that are incapable of filtering out toxic chemicals. Most observers say that U.S. laws, which require industries to obtain permits to discharge wastes, have been more effective. Declared University of Toronto ecologist and Great Lakes Fisheries Commissioner Henry Rogers: "If Canada owned the whole of the Great Lakes, maybe the problems would be worse."

Ferocious: Still, there are some indications of progress in the campaign to contain the problem of toxic chemicals. In fact, the amounts of some toxic chemicals in the lakes have decreased since the 1960s. Land disposal of organic chemicals has been illegal in New York state since February, 1984. And environmentalists say that they are pressing on Ontario's new Liberal government to

call a major election pledge to clean up the environment. But the problems are still formidable. Declared Environment Canada's chief ecologist Douglas Haffner: "We take major cleanup steps now, the primary benefit will be derived by the generation born 30 years from now and I am not talking about just having a new environment, but whether our grandchildren will have healthier lives."

All the technologies required to totally solve pollution of the Great Lakes are available. All that is missing is government action. Said University of Toronto political scientist David S. Weiss: "It is writing a blank on the U.S. water policy of the 1970s. The most important thing people must realize is that these chemicals are not an impossible situation. Governments make the significant actions, but they will not do anything without a very strong expression of public concern."

—PNT ORLEANS/STAFF PHOTOGRAPHERS



Encounter 'positive force'

Encounter 'positive force'

—PNT ORLEANS/STAFF PHOTOGRAPHERS

The bad-water capital of Canada



Buffalo Pound Lake: In constant danger from drinking facilities

Each summer for more than 20 years Regina has strengthened its dubious distinction of being the bad-water capital of Canada. The summer algae growing in the water supply. Even after treatment, drinking water piped from Buffalo Pound Lake, a shallow, man-made reservoir 47 km to the northwest, has a bitter taste and the aroma of decaying grass clippings. But this year the 175,000 residents of the Saskatchewan capital are looking to a new \$14.3-million carbon filtration system that will improve the water quality while the city tries to convince similar levels of government to share the cost of a \$108-million pipeline. Its purpose: to bring water from Lake Diefenbaker, another artificial lake 140 km northwest of Regina. And 65-year-old Arnold Hodgins, a security officer who has lived in Regina since 1963. "Since the filters started working, the water has tasted a lot better. But for the past few years I do not think it could have tasted any worse."

Demand: The filtration system, with chemist Leslie Gosselin in charge of water quality, began operating in June, but the relief it offered is likely to be temporary. Buffalo Pound Lake is in constant danger of pollution from fertilizers draining into the water from nearby farms. And Regina water department officials estimate that within four

years the filtration plant will not be able to meet the demands of the city's growing population. But Regina is not alone in the search for water. Indeed, many other Canadian municipalities quickly find that the high costs of improved water systems need assistance from provincial and federal governments.

Regina is the town of Whitehorse, 35 km northwest of Toronto, residents managed to close down a landfill site which had contaminated 16 wells in the area. In 1981 a 300-member group succeeded in convincing the Ontario Environmental Assessment Board

to reject an application by dump owners to expand the landfill site. And after mediation by the provincial environmental ministry, Waste Management Inc. closed the site in June of this year as well as replacing the contaminated wells. Declared Frances Robinson, a local real estate agent and chairman of the group Preserve Our Water Resources: "It was an uphill battle with politicians all the way. But we kept the heat on." And in Winnipeg, N.B., 50 km north of Halifax, the fight over clean water

took five years to resolve. Finally, in 1978 the 3,000 residents agreed to pay an annual rate of \$500 to replace wells contaminated by sewage from exhausted gold mines. Now Winnipeg is linked to Halifax's water system.

Regina's water problems are more complex and enduring. They began during the 1950s, when the area's underground wells became inadequate for a growing population, forcing the city to turn to Buffalo Pound Lake, the nearest source of surface water. But the lake quickly revealed its inadequacies. For one thing, it is only an average of 30 feet deep—which guarantees a rapid growth of algae each summer. And two years ago a report prepared by PC MIA Gerald McLeod confirmed that Regina would soon have to look beyond Buffalo Pound Lake for its water—even though the water was still safe to drink. Declared the report: "No expert considered was prepared to state it would be safe at all times for human consumption and free of taste and odor."

But the city and the province have been unable to persuade Ottawa to help them build the pipeline from Lake Diefenbaker. In 1984 the city and the province agreed to contribute \$25 million each to the project. But the former federal department of regional economic expansion refused to finance the remaining \$50 million. Instead, federal officials noted that Ottawa had already contributed \$50 million to help create Lake Diefenbaker in 1958. Making it Regina's chief source of drinking water, Ottawa declared, was strictly a provincial responsibility.

For his part, Brian Mulroney visited Regina as

the election campaign and told residents that he would "equitably and promptly deal with the water issue." Now, city politicians plan to press Mulroney to follow up on his underdogging. Said Regina Mayor Larry Schneider: "The pipeline is the ideal solution for Regina's long-term water problems." But until the pipeline is built, Regina residents will have to content themselves with the new filtration system's improvement.

—SUSANNE ANDERSON with DAVID SCHLIER in Regina

Germans improving quality



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The news in a dangerous era

By George Bain

The question of how the media, and particularly television, should treat terrorist actions is which hostages are taken is easy for any journalist of the tough-guy Front Page brand in the day of the news media to repeat the words, "beide that, all else is irrelevant. But it's what we do we make of the recent affair in Britain concerning a film about terrorists in Ulster and the actions that followed its being withdrawn from broadcast on BBC television?" It occurred when the Beirut hostage-taking of passengers aboard a TWA flight was in everyone's mind. This is the background.

Prime Minister Margaret Thatcher was in Washington, having made a tough statement a couple of days earlier to the American Bar Association meeting in London in which she spoke of the media providing terrorists with "the oxygen of publicity." At a press conference she was denounced by a British journalist who asked how she could react to an interview on British television with a leading Ulster terrorist. Presumably, she said the world couldn't do it.

The journalist evidently knew, at the time manner evidently did not, that just such an interview was in the works. The fact that it was to be one of the interviewers, the other with a no less violent leader of the other side, seems not to have been mentioned. The home secretary, Leon Brittan, followed with a letter to the board of governors of the BBC saying that publicity would materially assist terrorists and alarm potential victims of Ulster and the government were sufficiently impressed to say that the documentary should not be shown.

At this distance, and without having seen the film, the impression is of the British home secretary having gone off half-cocked and the BBC board of governors having been taken in. But what were what two more interviews with advocates of violence in Ulster would add to public knowledge, but it is equally hard to see what was to be feared. There cannot be many people left in Ulster whose minds remain to be made up.

The question, however, was the BBC news and current affairs journalists protested, colleagues in private broadcasting joined in, and something like a national one-day broadcast news strike ensued. And with that comes the question: what is the sacred duty of journalists to report the news when they know it makes it make to suppress the news as a

means of expressing outrage at the suppression of the news? The question is particularly relevant in the response of the non-BBC journalists, which was to perform a secondary boycott in solidarity with their fellow unionists over continuing to supply news in solidarity with their viewers and listeners. (It is not easy simultaneously to uphold a "golden rule" and to demand a philosophy—that is to say that it is our duty to publish views; all else is irrelevant—and a "damned if we will publish when we are offended" philosophy.)

But let us say the board was wrong. Does it follow that in all cases it would be wrong to give a direction to management? The board presumably exists to govern and management to manage, and, in the case of the Ulster documentary, should not management have resigned if it felt that censorship was being imposed, rather than government striking? Journalists blinding the day's

'The question is where to draw the line against becoming a propaganda tool. Such a line sometimes is undesirable'

news to protect against an arm being included, comes, unfortunately, close—no further away than the other side of the coin—to printers' unions refusing to publish news of newspapers because those issues included something the unions did not like. That, it has happened more than once in London newspapers—is also conceivable.

The point here is that if we have entered a dangerous new era, as all the media were saying immediately after Beirut, the media themselves are going to want to know where to draw the line. If terrorism is to become a regular means by which this group and that try to achieve its political ends, complaints about the news media—again, particularly television—applying them with "the oxygen of publicity" are going to be heard from more people than Margaret Thatcher. And it is unlikely that the simple macho answers of the past are going to do it.

When the hostage-taking was just over, I was a guest at the Biannual conference at Queen's College, Cambridge, of the Canadian Institute for Advanced Legal Studies. The question

of terrorism was set as the program, except indirectly in a seminar on "Law in a Dangerous Age." In which Justice Minister John Cressie participated. He spoke of it only in terms of the paradox of having to be simultaneously on guard in case fundamental rights and freedoms are eroded while society defends itself and on guard, while insisting in the growth of individual rights, that "we do not give way to the tyranny of the few." But it was an issue in his mind—as, from informal conversations, it was in the minds of many lawyers and judges. What bothered them about the media coverage of the hostage-taking in Beirut was that in striving for competitive advantage the networks gave the hostage-takers a propaganda field day, and that in allowing themselves to be used the networks disregarded not only the national interest, but the interests of persons who may get hostage-taking because hostage-taking has been shown to be profitable.

The point of the media being used also figured in editorials by The Guardian and The Washington Post, which, with Le Monde of Paris, constitute the *Washington Guardian Weekly*. The Guardian said "Television wasn't a mere observer of the drama, it had an unbridled part to play. That should make television reporters pause and think again." The Post said "We remain convinced that professional journalism provides the best answer to avoiding exploitation by stages of events. In circumstances where [reporters] cannot ask questions or compel answers, they should use the opportunities inherent in their coverage of air time and newspaper to present the story in context."

The question is not whether to cover news but where to draw the line against becoming a propaganda tool. Attempting to draw such a line sometimes is rejected as undesirable or impossible, as well as in the Paris and London. "Some would say that the evident antidote entails a measure of discretion regarding self-censorship that is either unacceptable in a free society or unimaginable in an emotional, competitive crisis situation." But all offering is a sort of self-censorship. In any case, television in a small way long ago yielded the principle. Television turns the camera away from—censors, if you like—exhibitionists who come down from the stands at sports events and defy security people to catch them. It is silly to do so, commentators say proudly, "because all they want is publicity."

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1980



Terror in the morning

By the time Cyrus says she thought about the strange odor permeating her house at Institute, W.Va., was from her car's fumes he had been in the 50-year-old housewife's opened front door early last week, the toxic fumes from the gas leak at the Union Carbide pesticide plant less than 400 m away almost made her faint. Reminded of the incident by a recent article in the plant's "I know right away it was gas." As the cloud engulfed the town of 3,100, radio announcers warned people to stay indoors, close their windows and turn off air conditioning. Then, Union Carbide officials said acutely toxic Institute residents were being evacuated. But, although they were told to leave, citizens' homes, for fear loss to the methyl isocyanate (MIC) gas that leaked from a Union Carbide subsidiary plant in Bhopal, India, last December killed 3,900 people. Still, many people fled from Institute, including Cyrus and her retired husband, Gilbert, 68. But she didn't leave until after Bhopal—and when we saw the sign, she jumped into the car.

The leaking gas, which escaped into



Plasma within thousands of km affected

the air after three grenades failed on a 100-gallon storage tank, caused respiratory problems, nausea and eye irritation in about 100 to 150 people. These numbers are small compared to the many victims in Bhopal who are still feeling the effects of the world's worst industrial accident. At the time of that disaster, 30,000 people were temporarily blinded by the 40 tons of leaking gas and another 200,000 suffered eye, lung, liver, kidney and nervous system damage. Since then, the Indian Council of Medical Research has reported that thousands more have developed gastric problems. As well, a government study of 54 pregnant gas-affected women revealed that 28 gave birth to stillborn babies.

At the same time, exposure to the poison gas left in many people too weak to return to their jobs. About 600,000 residents are still receiving food rations and medicine from the government. Those who earned less than 500 rupees (\$57) a month were compensated with 1,500 rupees as interim relief. But there have been serious complaints about corruption and inefficiency in the distribution of money and supplies. In early June Bhopal police arrested 40 demonstrators during a protest against inadequate relief measures.

Union Carbide has so far given \$1 million to the Prime Minister's Relief Fund in India and another \$6 million.

through the Indian Mad Cows Bill, spokesmen say that the corporation's largest expense will be settling the lawsuits that victims brought against the company. More than 80 U.S. lawyers representing 80,000 victims have launched almost 100 suits, including one by California lawyer Melvin Belli for \$19.5 billion on behalf of 2,800 Indians

Until now, no claim has been heard because U.S. federal court Judge John Korman is still considering whether the suits should be conducted in American or Indian courts. Lawyers representing the Indian claimants say that the present federal court proceedings are a sign of negligence of its Indian subsidiary and that the suits fall under U.S. jurisdiction. But company spokesmen argue that the claims should be heard in Indian courts—which do not award damages to punish defendants and bear consequences on the basis of economic loss not suffering. Both sides say that the U.S. court proceedings are a sign of negligence. It may be as early as 14 years before the claims are heard because of the Indian courts' backlog of cases. He declared: "These people cannot wait that long."

By week's end, no institute residents had used Union Carbide Soil, because the accident appeared to be the result of design flaws, health and environmental officials had started to investigate the leak there—and discovered that 65 per-



elctron de transferencia de electrones. En este caso, el potencial de oxidación de la especie oxidada es menor que el potencial de reducción de la especie reducida.

cent of the escaped gas had been acetylene chloride, a solvent suspected of causing cancer. Meanwhile, faced with increasing criticism of the company's safety record—another, although less dangerous, leak occurred last week at the company's Charleston, W. Va., plant—DuPont is planning to build a

part—estimated at 100 million—of the 150 million people in the United States. The FBI is now inquiring into possible connections between the 1992 Los Angeles riots and the 1991 Los Angeles riots. The FBI is also inquiring into the 1991 Los Angeles riots. The FBI is also inquiring into the 1991 Los Angeles riots.

—SHEPHERD ADAMS/HEAD with
A-RTY THUR on New Delhi

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Sometimes the small meetings are the most important ones.



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A professional performer since she was 17, **Dinah Christie**, 45, has entertained in, and on, almost every theatre in the land—including the club car of a cross-Canada train tour. She has developed characters for stage, screen, TV and radio and she has changed her image from cabaret to country and from Howdy Doody to sophisticated lady. Now, the five-foot, mini-teeth actress is playing **Don Adams's** secretary in a new sitcom, **Check It Out**, scheduled to air on CTV in September and later on USA Cable. **Send Christie**

"The series is set in a supermarket and everybody is really wacky. Don is wacky, and **Bachus Hamilton** plays a secretary." Christie's new role is more balanced to offset Adams's nutty store manager character. Off-screen she operates a 100-acre farm near Mount Forest, Ont., where she raises and trains horses with long-standing boyfriend, photographer **Bob Warren**, scheduled for September until February, she says that life in a sitcom is cutting into her rural existence. Added Christie: "The big is all in, thank God, but the horses are sorely in need of attention."

Medieval-bash burlesque player **Jim Zeller**, 35, has performed in concert with **Muddy Waters**, **Bob Dylan** and **Loggins & Messina** in North America, as well as with members of the Soviet group **Avantgarde in Moscow**. A participant in the 1986 World Festival of Youth and Students in Moscow last month, Zeller says that audiences showed enthusiasm for his music, which he calls "psychobilly." While developing his sound in Montreal and New York in the 1970s, Zeller says that he and his band blended a wide range of styles, from **Snowy White** to **Kidnoly**, but that they had no way of defining the music. Added Zeller: "We did a show called **Elvis in Outer Space**, which was a parody, and our approach was almost psychotic." Zeller's career was interrupted in 1982 when New York police raided an apartment that contained



Actress-quester Christie: managing 100 acres and a new sitcom

Zeller, some friends and some drugs. He spent two years at **Bikers Island**, a 15,000-capacity prison near **La Guardia Airport**. Now working on an extended-planning album and preparing for concerts in Toronto and Vancouver in the fall, Zeller says that **Bikers Island** is behind him now. "I don't have any bitterness about my stay there. It made me a wiser man."

Former child-star **Margaret O'Brien**, 48, is still acting, and she was in Vancouver last week to star in a half-hour drama for the syndicated series **Julius and the Family Theatre**. O'Brien, whose first starring role was as a war orphan in **Journey for Margaret** when she was 5, found herself working with **Jesse Lasker** for the first time since 1944, when the two women starred

with **Andy Garland** in **Meet Me in St. Louis**. But now O'Brien has two other careers: she is Southern California's crime aide to the secretary of the U.S. Army and a shipboard lecturer for the **Stellar** cruise line. Her topics: pre-Columbian art and aviation. O'Brien, married to business man **Ray Thomas**, says the only time she got nervous answering questions from the audience was when daughter **Maia**, 8, wanted to know what it was like going to school on a studio lot. "Different," replied O'Brien, who says that her child-star

memories are all positive and that she has no tragic support acts to tell. Said O'Brien: "I was alone a lot but never lonely."

During 16 years of marriage to actor, writer and broadcaster **Don McKinnon**, 40, singer **Callie McKeown**, 41, developed an alter ego that has gone public this summer in a big blue tent on the grounds of **Bayview Forest** as the north shore of Prince Edward Island. Said McKinnon: "I have been married to three people all these years, and when I wake up in the morning I don't know whether I'll be grooved by **Don Harmon**, **Charlie Fanguerason** or **Valeria Roseville**." McKinnon's character **Waldo Dray** Fanguerason launches out of the theatre audience each night, declares that she is Mrs. Fanguerason and demands equal time with

McKinnon as Mrs. Fanguerason: demanding equal time from Christie



Christie to recite her poems and to tell her side of her husband's stories. Called **Lelemania** **Wilde**, that, the show with **Waldo**, who is a Dean on her father's side, and **Charlie**, who is a Boyle on his mother's, ran from mid-July until mid-August and is scheduled to return next year. McKinnon says that she "loves" her part, and she added, "I have been going around with a guy who looks like an unicorn for all these years. Now it is my turn."

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be hard to imagine that people wouldn't have difficulties. That's when these kinds of support groups spring up."

to share their differences by having them share their experiences. Many people have been surprised to find out that it is to discover that their problems are not unique. Benjamin Rivera, 30, a former volunteer administrator for FA in New York City, was converted to fundamentalism while in the U.S. Marine Corps. He is now a Baptist pastor in Los Angeles. Although he says that fundamentalism has given him "the first real sense of community I ever had," some aspects of his faith have caused him to alienate his family. His father would go to hell if he did not convert them—*disturbed him*. Rivera says that when he finally left his church in 1968 and moved to New York, he was "in a very bad way." As a result, he seldom left his apartment for two years, terrified of being hit by a car as he passed. When he joined us in May, 1980, he said, "I started leaving my door open. I was afraid to go out. It was the most authentic thing

Bromberg says that the continuing search for more heightened religious experiences over the past 15 years—and the very intensity of fundamentalism—means that the fundamentalist dropout phenomenon will continue. He added: "Any time people make substantial commitments of time and energy to groups and find as they do: anxiety of experience, the dropout rate is pretty high." He cites the example of the Christian Science Church (Gisney) Lee, 55, a minister-at-large, of the Universal Church, Penn.-based American Baptist Churches and a former fundamentalist. "As has touched a nerve. Fundamentalism will get young people fired up. It will offer them all these quick time and pleasant feelings. They will commit to it—and be let down."

It is not restricted to former fundamentalists. Bill Fortin, a 35-year-old Kell Canada clerk in Ottawa whose fundamentalist husband's ostracism has left him with two children, says that his co-workers have stressed that marriage is declared, "I have sought out various counselling, religious help, psychiatrists." Fortin, who has applied to become the Ontario co-ordinator for the group, says that the support offered by it will help her cope with her situation and that the agencies will offer her a chance to help others. But fundamentalist counsellors say there is no such thing as a "former" fundamentalist. "We think that people need help from us because they are in the first place," said Wade. "If I truly believe in Christ, truly believe in the Bible, in heaven and hell, I believe it in my heart. I can't not believe, I can't get un-born."

— DAVID L. RUSSELL, *ed.*, New York City

Arsons and Sparks: a brutally effective police methodology which alternates between noisy shootouts and historic grief

FILM

Streets of blood and vengeance

YEAR OF THE DRAGON
Directed by Michael Cimino

Most people have openly questioned whether director Michael Chabon, responsible for the most profitable financial disaster movie history, *Moon's* *Goat*, could reclaim his reputation with his new movie, *The Way, Way Back*. It is certainly a breath of fresh air, a comedy with a violent action skiffly choreographed. But it is also pretentious and overwrought, with emotional scenes so highly charged that they become absurd. The film, which chronicles a police crackdown on the town of Moon, is a comedy. Chabon, who has written for *Rolling Stone*, alternates between rapid-fire montages and histrionic grief. *The Way, Way Back*, whose title is never explained, is a television cap above with a larger field of vision, more action and Gustav Mahler's *Resurrection*.

The closing up of Chinatown in *Year of the Dragon* is actually a cameo-episode by Stanley White (Mickey Rourke), a Vietnam veteran who is the most decorated cop in New York. White is assigned to the Chinatown precinct just after the area's conflictual map has been gunned down. Because White's superiors do not support him—they do not want to tread on political toes—he enlists the aid of a TV news reporter, Tracy Tre (Arlene), to help him publicize the crackdown. After a manhunt in

a restaurant—which White and Tai witness—Joey Tai (John Lone), who is young, ambitious and ruthless, becomes the head of the Chinatown mafia, which deals lucratively in heroin. White is well aware that it is Tai who continues to control the street gangs. To get him, White is willing to sacrifice nearly anyone and anything—and eventually he does.

Hardly more than White, and it is little wonder. He shoots off his amazingly profane mouth, neglects his wife (Caroline Kruw), is almost totally lacking in guile for a politician, passes up a chance to make a fortune as an investment broker. He is vain, snooty and selfish. But because he is cheered with clinking up the city, the movie suggests that his behavior should be forgiven. There is a confusing subplot about his responding to America's life-threatening problems. The movie seems to be hunting for someone to praise a character who takes the law into his own hands. White's priorities, to put it mildly, are warped. After Tai's hoodlums slash his wife's throat, they rape her. Only then does White declare, "I went too far this time."

As White, Bourke dominates *Year of the Dragon*, dressed in designer clothes that are much too slick for the character. With his hair dyed a chic grey, he gives an intense performance, but there is almost too much of it. In directing

Rourke's performance, *Crimson* demands that every emotion be blown up like a balloon. Crimson seems so enmeshed of each sense he sets up that he finds it difficult to bring it to an end. When Tar works out a drug deal in Thailand, it is not enough that the action be explained in a few lines of dialogue—Crimson has to take his camera to Thailand and record as many Thai army extras as he can. The director seems obsessed by size.

For all its severed heads and exploding blood bags, *Seven Days in the Dragon* does not have much visceral contentment. Everything in the film seems too carefully plotted, organized, or reified to be scary. Like *White's* clothes, his wife does not seem to belong to him, for some mysterious reason she resembles a stereotypical truth-driven lesbian. And although *Dragon* is a successful journalist and a spelled daughter, her argument with one of the cops is a little like the *Matrix* movie, as the skyline zone seen in the film, is ridiculously gaudy. Nor does the naive and unpolished undercover room where White uses to spy on Tai seem believable. Chinese mannaes the room as he does has other man characters so that he can either hear them raped or see them die, but, strangely, is involved in a movie which, marginally, needs to be based down.

— LAWRENCE OTHMAN

The burden of brains

REAL GENIUS
Directed by Martin Scorsese

Real Genius may be the first teen exploitation movie to have brains instead of sex as its subject. Two students with extremely high IQs have created a mental high-powered lair which—although they do not realize it—the U.S. government intends to use to vaporize its enemies. At 15, Mitch Taylor (Gabe Jarrett) knows everything about quantum physics but hardly anything about life. His roommate, Chris Knight (Val Kilmer), is a senior who teaches him how to relax. Slotted in boxer slippers, Chris has turned sloppiness into a personal crusade. What is remarkable about Chris is his spontaneous affluence, a release from the monotony of his brain. Real Genius is a carefully-crafted warning against genius taking itself too seriously.

One of the reasons that Chris plays the village idiot is to appease authority—namely the hamocratic Prof. Jerome Rivestone (William Atherton). But there is another reason the school's most brilliant student cracked up when he discovered that one of his inventions was used to kill people and now lives as a redneck. The students at this school for the exceptionally gifted are so bright that their brains seem to be working overtime and they are in continual danger of losing what little sanity they have. The movie captures the madmen lurking in true genius. The most delightful character, Jordan (Michael Myers), is so hyperactive that he hardly ever sleeps. Desperate to put her boundless energy to some use, she knots Mitch a sweater in a single night, presenting it to him at the men's annual in the morning.

Director Martin Scorsese (Valley Girl) has an unadmittedly small role that overcomes the superficiality of the film's plot line. She knows how to handle the actors, and they ultimately enjoy the movie. As well as Meyers's memorable performance, Jarrett's as the naive 15-year-old is particularly believable. And it is likely that the very young Kilmer will become a major star. As Hathaway, who uses the two students for his own advancement, Atherton has just the right touch of nervous, glacial pose. Extremely well photographed and beautifully edited, Real Genius is a absolutely enjoyable and thoroughly smart.

—LAWRENCE SPYGLAR



Delusions: corruption and deceit is a subtle expose of a deeply divided society

THEATRE

Delusions of grandeur

THE GOVERNMENT INSPECTOR
By Nikolai Gogol
Directed by Ronald Ryce

In such works as *Dead Souls* and *The Government Inspector*, the 19th-century Russian author Nikolai Gogol created unforgettable satirical portraits of his countrymen. Although these characters often seem too grotesque to be real, Gogol raised their credibility by entangling them in the red tape of the equally grotesque—and all too real—Russian bureaucracy. But because Gogol was often more concerned with disaster than with narrative, his work is a challenge for the theatre. And while Ontario's Stratford Festival production of *The Government Inspector* boasts several excellent performances and creative staging by director Ronald Ryce, it never fully realizes the play's comic potential.

First produced in 1836, *The Government Inspector* is essentially one long misunderstanding. The mayor and leading citizens of a small provincial town are waiting for the arrival of an inspector from the capital, St. Petersburg. Because they have all been abusing public office for personal gain, their anxiety at being caught makes them mistake Khlestakov (Richard McMillan), a low-ranking copy clerk passing through town, for the inspector. Although Khlestakov is at first stunned by the bewitching attention of the mayor (Peter Dink), he quickly takes advantage of the situation, accepting bribes and woo-

ing both the mayor's wife and his daughter. By the time the town finds him out, Khlestakov has left and the real inspector arrives. Gogol's play exposes the cruel follies and vices of a deeply divided society. Ryce's production just as bluntly reveals the gulf between rich and poor, as well as between coarse provincial life and the pretensions of sophisticated city elites. Everyone is so self-deluded that their perceptions are distorted: as Khlestakov states to the provincialists with furiously as about his lofty position in high society, an unreal pink glow fills the stage. And when he refuses to help some starving peasant petitioners, his emboldened imagination conjures up visions of the dead souls crumpled under the yoke of the Russian autocracy.

Blended with a slyly bold, mischievous timing and an ability to flank emotions like a slide projector, McMillan demonstrates the play's ironic struggles to make the blustering mayor larger than life but is sabotaged by his fugitive Bess and monotonous delivery. Outstanding among the cameo roles are William Duffy as the single-minded postmaster and Jay Brannan as the shuffling custodian of charities. But Ryce's delusion allows the film's approach ultimately weakens the production. Predictable profiles and overly calculated special effects are not enough to transform Gogol's sly satire into a noteworthy step of fate.

—MARK CRAMERSON

BOOKS

A feminist plea to save humanity

BEYOND POWER: ON WOMEN, MEN AND MORALS
By Marilyn French
(Pantheon Publishing, \$19.95, 224 pp.)

When she began her research for *Beyond Power: On Women, Men and Morals*, American critic and novelist Marilyn French says that she saw no way out of the world's apparent slide toward nuclear destruction.

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understand (and come to despise) 3,000 years of patriarchal history and to plumb the anthropological, archaeological and mythic evidence of the huge societies that before the rise of men's rule. Her basic aim was to save humanity.

The moral fight at the end of the tunnel shines from French's vision of the pre-patriarchal past—first from the evidence of major archaeological crises—then basic communities were "matrilineal" (mother-centered) French is not a female separatist, and she passionately points out that there is no proof the world was ever a matriarchy where women ruled instead of men. Nor does she propose a simple gendered second revolution to depose patriarchy.

Rather, she explores the values of ancient matriarchal societies, in which people lived in harmony with nature and in co-operation with each other. French writes "Matrilineal societies are spontaneous, organic; the mother cares for the baby until it is able to move about freely by itself. The mother values by greater experience, knowledge, and ability, but the intention of her 'rule' is to free the child."

Although the factors leading to the historical male nature of power are still obscure, patriarchal societies abandoned the early ideals of co-operation and lived in the favor of one person's power.

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But of a mass readership lured by French's reputation as a novelist can survive the esoteric and dramatic of her essays, the book may popularize a feminist morality that has been more hotly argued by such theorists as Canadian Mary O'Brien, who wrote *The Politics of Reproduction*. Like other feminists, French says that the future literally depends on a social transformation, in which values called "benevolent" are once again originated with the "maternal" values of the public world where "love and compassion and sharing and nurturance" gain equality with "control and structure, possession and status." As for a pragmatic way to bring about such a transformation, French, like the others, is largely apologetic. "The major problem facing feminism can be easily summed up," she writes. "There is no clear right way to move."

In fact, French's moral ends might have been better served if she had used her own research only to lead her to the courage of her convictions. If she had concentrated her considerable energies on her own self-idea—that people should put their pleasure and human values instead of power—readers might have blessed her. They might even have felt the human spirit move.

—ANNE COLLINS

MACLEAN'S BESTSELLER LIST

1. *Shogun*, James Clavell (1)
2. *The Godfather*, Mario Puzo (2)
3. *The Godfather Part II*, Mario Puzo (3)
4. *The Godfather Part III*, Mario Puzo (4)
5. *Chatterbox*, Diane Roberts (5)
6. *Inside Out*, Rick (6)
7. *Shogun*, James Clavell (7)
8. *The Godfather*, Mario Puzo (8)
9. *The Godfather*, Mario Puzo (9)
10. *The Godfather*, Mario Puzo (10)
11. *The Godfather*, Mario Puzo (11)
12. *The Godfather*, Mario Puzo (12)
13. *The Godfather*, Mario Puzo (13)
14. *The Godfather*, Mario Puzo (14)
15. *The Godfather*, Mario Puzo (15)
16. *The Godfather*, Mario Puzo (16)
17. *The Godfather*, Mario Puzo (17)
18. *The Godfather*, Mario Puzo (18)
19. *The Godfather*, Mario Puzo (19)
20. *The Godfather*, Mario Puzo (20)

A not-so-special relationship

By Stewart MacLeod

As the Polar Sea casually cranked her way through the frozen waters of the Northwest Passage, and while her captain was munching aloud over that humorous message from Ottawa—"Hey, what's the deal about some people being granted"—our Prime Minister must have been sighing sadly about his "special relationship" with Ronald Reagan.

After all, it wasn't as though the Prime Minister hadn't told the American President there was a special relationship. He did make a couple of visits to Washington in this end, he did say the United States deserved the benefit of our doubts in international affairs, he did suggest to Reagan that he should at least give dirty thanks unto God for having Canada as a neighbor, he did talk the President into co-sponsoring with him in his first stage musical, and then they agreed they would always be just a telephone call away. A sort of buddy system.

Thus, it would seem to the average Canadian, did indeed lay the foundations for the highly touted "special relationship" so long advertised by the Prime Minister. Just what else could a Canadian leader be expected to do?

And what was the first public manifestation of the elaborate system mentioned? It was the chilling gesture of the U.S. Coast Guard's Polar Sea, charming through the icy waters we claim as our own, without even asking our permission. Warm stuff, the Americans systematically avoided asking.

But worse still, the Mulroney government insisted on granting the permission that was systematically not asked for. Got it?

If like this the Americans have never recognized Canada's historic claim to the Northwest Passage, why arguing that it is an international passageway between two oceans. And as long as the Soviets don't use it—at least that's the view of U.S. Ambassador Paul Robinson—it should be considered the high seas. Ottawa's position is that we're dealing with an inland waterway between Canadian islands. And to mere or less establish this claim, Parliament passed legislation in 1970 imposing environmental regulations over the entire region. That would at least demonstrate that we were interested in

protecting our possessions.

Then, incidentally, was after the Americans sent the supertanker Manhattan into these same northern waters—the time when we exerted our sovereignty by buying a military plane, escorting a batch of 80's, circle the ship and welcome the captain to "Canadian waters." Trouble is, the message also said "We wish you Godspeed" and "Bon voyage," thus enabling the eager Americans to reply "Affirmative" without anyone knowing what they felt so affirmative about.

So see, we've never handled that whole business of asserting sovereignty with crisp efficiency. And the consequences seemed even more ludicrous than usual this time when, as a feeble show of official Canadian involvement, we managed to get three officials on the Polar Sea. External Affairs Minister Joe Clark referred to these as "guests," perhaps hinting that the Americans,

Publisher Mel Hurtig said that the idea of charges against the protesters was 'almost too funny to be true'

who had little trouble getting astronauts to the moon and back, couldn't find their way over stationary ice without our unsought assistance.

But the hospitable Yanks, no doubt tipped to the fact that Canadians now were on the special-relations list, invited the three officials were "guests" of the coast guard. And so, as to their contribution to Canadian sovereignty, they might as well have been Saladsan salad eaters.

Go ahead and laugh, but one of the Canadian officials actually complained about several young protesters breaching air safety regulations when they dropped a canister, with a Canadian flag, on the deck of the Polar Sea. Mel Hurtig, the Edmonton publisher who, as chairman of the Council of Canadians, organized the canister drop, did allow himself a belly laugh. The prospect of Canadian charges in these circumstances, he offered, was "almost too funny to be true."

Here we wonder whether the council inadvertently received permission for the drop? There is no such evidence—except that the council didn't ask, and at

that juncture Ottawa was keen on giving permission to non-askers.

Forget I mentioned it. Had the Americans only had the diplomatic decency to seek Canadian permission in the first place, none of these difficulties would have arisen. We would have advised sternly, perked our permission, perhaps thrown in a couple of icebreakers and a staff of flags and celebrated the first Point of Special Relevance. But no, obviously not wanting to bother us, they merely announced their sailing date and destination, kindly assured us that absolutely no assistance was required and not to worry about the good ship Polar Sea.

In a subsequent exchange of what might well be lexical legions, the U.S. Coast Guard took pains to explain the voyage was "operational" as opposed to, presumably, jurisdictional. The difference, for all we know, might be significant. And the Canadian government seemed anxious to explain it was a trip "without prejudice." Again, for all we know, that might also mean something.

Some day this may all spill out in the International Court of Justice, where it should have been settled years ago. There, Canadian lawyers will presumably trot out our official, unsought "authoritarianism" to support our sovereignty claim. Offhand, however, it is difficult to think of any other events of the past few weeks that might be trotted out on our behalf.

Meanwhile, our government, to the surprise of absolutely no one, is hesitating an "interim review" of Arctic sovereignty. When it comes to launching reviews, we are almost dazed by our decrees.

And in this case it's all so pitifully unnecessary. All our fledgling Canadian Security Intelligence Service had to do—and it would provide a bit of practice—was approach Prime Minister Mulroney, ask him to declare the Northwest Passage the high seas and send a gunboat in the general direction of Alaska. Then, without losing a minute, we invite the United States Coast Guard into Canadian waters to help repel the trespasser. Nothing to it. The U.S. Marine George Raul might even turn up on the shore of Banks Island to belt us O Canada.

This could conceivably involve a 20-year contract for a few billion Cuban cigars, but what the heck. It beats chugging a couple of Canadian universities kids with cocaine-dripping.

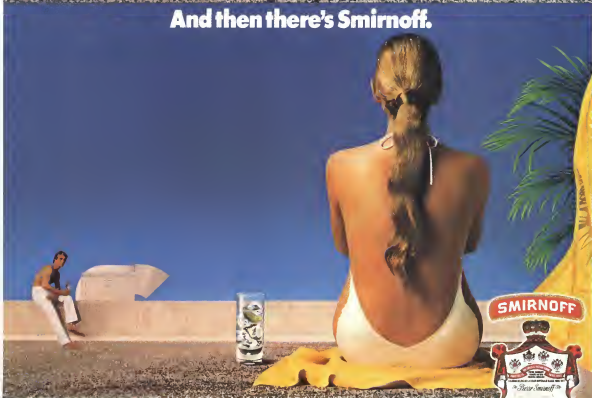
Allen Fiddlerington is on vacation.

"So what's for dinner?"





There's vodka.
And then there's Smirnoff.



The difference is pure smoothness.